Management Record

May, 1952 | Vol. XIV, No. 5

• In the Record •

The Chief Executive

To the casual observer, Mr. Jones may look the same today as he did yesterday. He hasn't bought a new suit, his walk is no different, his smile is still friendly. But look again—Mr. Jones as the new president of the company is no longer the same man to his employees as he was in a lesser position yesterday.

This is a central theme of "For Chief Executives Only," written by Charles R. Hook Jr., of the Chesapeake & Ohio Railway. Mr. Hook believes that too often the chief executive fails to recognize the tremendous influence, prestige and power that goes along with the position. For this rather different look at the top management man, turn to the next page.

• • •

All on Pensions

Do you have a pension problem? Is your current plan in need of some overhauling? Would you like to know what other companies are doing with their plans?

Eleven pages of this issue of the *Man Rec* are devoted to special articles on pensions. A round table, "Pension Problems in a Defense Economy," deals with such subjects as Preparation for Retirement, Compulsory Retirement and Its Alternatives, and Investment Problems in an Inflationary Period. Following the round table, "Significant Features of New Pension Plans" gives details of how the plans of nine companies are set up and the benefits under them. Highlights are on page 177; four pages of tabular material on the plans follow.

• • •

Pay for the Night Worker

Before the machine age, the night worker was something of a rarity. Today, night work is common—at a price. In most cases there is higher pay for second and third shift workers. A study made by the Board of 111 contracts shows that in ninety-nine of these contracts a bonus is paid.

Some companies pay the same bonus for second and third shifts; some pay more for the third than the second. Again, some companies don't talk of bonuses at all, but post two flat rates—one for day work and one for night work. "Shift Premiums in Union Contracts" starts on page 182.

• • •

Family Doctor Visits Industry

The family doctor knows a lot about curing people who visit him, but what does he know about his patients at work? Many ailments—mental and physical—can be traced to conditions in the plant where the patient is employed.

According to "The Community Doctor Visits Industry," on page 186, the formal introduction of Mr. Family Doctor to industry has been successfully accomplished in Wisconsin. Industrial health clinics, in the form of plant tours, discussion groups and speeches on problems of keeping employees healthy, are attracting some 300 doctors each year, and best of all, everybody benefits: employee, manager and doctor.

• • •

Cost of Living

Hopes for lower living costs paled when the March statistics on consumers' prices showed resumption of the rise which has been going on since South Korea was invaded. And preliminary information on April prices confirms this discouraging note, as the Board's ten-city index went up almost 1%—forewarning a similar rise for the full fifty-four-city figure. These latest jumps about wiped out the February-March decline. The surprising aspect of this reversal is that primary market prices continue weak. Underlying strength in retail food prices has more than offset declines in most other categories of the CPI index.

A discussion of the latest Conference Board statistics on cost of living, plus the regular monthly review of employment and wage data prepared by the Statistical Division, begins on page 195.

FOR CHIEF EXECUTIVES ONLY

A Look at the Man Himself*

By Charles R. Hook, Jr.

THE TECHNICIANS have done such an excellent job in the past few years dissecting the chief executive that perhaps it is time to put him back together again and take a look at the man himself. And I suggest that we look at him close up—the way his management sees him—not as a set of functions, but as a human personality and as the boss.

I don't like to use the word "boss." It has different meanings to different people. But on the railroad we use it to mean anybody who is the superior of anybody else. That is the way I am using it here. I am not referring to the man with the big stick.

First let me emphasize the obvious: the chief executive is not only a personality; he is by far the most powerful and the most influential personality in the business. His official pronouncements, business decisions, and even his most casual remarks are carried throughout the length and breadth of the organization by the grapevine—the most effective communications system yet devised. They are analyzed and re-analyzed, interpreted and misinterpreted. They are scrutinized for hidden meanings; for indications of how the wind blows. And no straw is too insignificant to escape notice—if it is propelled by this particular wind.

The reason for this is not obscure. It lies in the fact that the chief executive, more than any other person, has the power to affect not only the security of the members of his organization but, even more importantly, their ambitions, their fears and their hopes for the future.

Man is basically an emotional and not a logical animal. Such things as fear and hope play a more dominant part in everyday business decisions than intellect or logic. The power of these emotions carries the influence of a chief executive like a tidal wave through the organization.

The significant thing is not that the chief executive is so powerful but that, strangely enough, he himself is the last one to realize it, or at least to realize the extent of the fact.

* This is adapted from a talk by Mr. Hook at THE CONFERENCE BOARD's recent meeting in San Francisco. Mr. Hook is Vice-President in charge of personnel of the Chesapeake & Ohio Railway Company.

Why does he underestimate his influence? Is it because of modesty? Is it because he cannot see himself or his job from the perspective of the people under him, or because he is on the wrong end of the grapevine?

I don't think it is either of these. I think it is due to something entirely different. The great power of the chief executive derives not alone from his own native ability, which may be very great, and usually is, but primarily from the office that he holds—the office of chief executive. He may personally give to the office new meaning and integrity. He may make it a fine and wonderful thing. But whether he is a former haberdasher or a genius, the top office, and thus much of the power, is his, regardless.

What does the average human being do when he finds himself in this important position? I would guess he looks in the mirror and sees the same face that was there the morning before. He doesn't realize that when he gets to work it is no longer the same face to anybody but himself. He undervalues his power and responsibility because he underestimates himself and because he underestimates the power inherent in the position.

He undervalues both himself and the job because he thinks of both in terms of his own past. He thinks not of where he is, but of how he got to where he is.

He may be a financial genius, or outstandingly successful in marketing, production, or finance. On the other hand, he may be a seniority compromise, or the man with the fewest or weakest enemies. Whatever the reason for his being there, it's sufficient. The important fact is that he *is* there.

Many men modestly view their ascendancy with real wonder. But humility isn't enough. Genuine acceptance of the fact—acceptance of responsibility, not resignation—is what is called for. When Margaret Fuller said, "I accept the universe," Carlyle retorted, "Gad, she'd better." And so had the boss.

Once he has accepted the reality of his new position in high office, he has to face up immediately to one stubborn fact. As chief executive he is still only one manpower. As an individual he can be the source of great organization accomplishment and inspiration, or

he can, in effect, qualify for the clerks' union by burying himself in paper work. The result will depend on how he uses his one manpower.

A complicating factor, and one generally greatly underestimated by subordinates, is the special demands upon the boss's time and person. These inevitably increase with the size of the business.

For example, he cannot delegate his relationships with his directors, with major stockholders, with big customers or with other leaders in his industry. Then, too, he has to take a personal hand in major financing, in many of his company's relations with the government and in a number of community affairs. The list is long. These are only a few examples.

Most of these groups, and they can have great impact on the business, demand that they see only the boss and not a subordinate. As a result, the top executive necessarily spends a large part of his time away from his office. Another significant chunk of it has to be devoted to writing letters, answering the telephone and seeing people from outside the company.

These external responsibilities are largely unavoidable. Many of them can't be delegated but they can be reduced if they are put in realistic perspective, viewed objectively and studied seriously. But weighty and time consuming as they are, the external responsibilities are really of secondary importance.

The chief executive's first responsibility, his most significant responsibility, is to his own organization. If he is to maximize his one manpower and make the greatest possible contribution to the success of his company, he can only do it with the help and support of many minds—those of his staff and of his organization as a whole. He must constantly remind himself of this primary responsibility and resist the temptation to be sidetracked as he would the plague.

Fortunately for this busy man, it is not the quantity but the quality of his company relationships and the quality of his decisions that determine his success as an officer. His basic responsibility, and it's very basic, is to create an atmosphere in which his organization will work harmoniously, intelligently, imaginatively and happily. He will create some kind of a spirit, some kind of a way of life for the organization because he can't help it. Whether he is aware of it or not, or whether he tries to or not, he creates it because of his position and power.

His job, of course, is to set a tone that will release the full capacities of the top management group and, through them, the capacities and heart and imagination of all subordinate officers. Whether he is going to be able to do this will depend to a significant extent on one factor. It will depend on their belief in their chief executive, their faith in him as an individual—in his purposes and character.

Faith is a two-way street. It has to be given before it can be received. People in business soon learn whether it is safe to differ with the chief executive when circumstances demand it. Two of the first things they find out are whether the boss really wants to know what their problems are, and whether he wants to learn what they believe the chief difficulties of the company are. Faith will not be forthcoming from men who have learned from experience that it is best to agree with the ancient Chinese philosopher who said, "He who thinks differently than the king washes his hands in his own blood." This may be gory but it makes the point.

But just the give and take of personal faith and understanding are not enough. The members of top management and their subordinate officers want more than that from their chief executive. These men want to be proud of their boss's decisions on important matters. They want to believe that his decisions are based on high purpose and integrity. Their evaluation of the kind of decisions they can expect—of what the chief executive stands for—creates what we call morale: capacity of a group of people to work together with maximum effectiveness.

So whatever the boss *is* will be reflected inevitably throughout his entire organization. It will go a long way toward molding the character, the business character, of every man in it. And it certainly will decide whether the company receives the full contribution of its executive manpower.

I come then to this conclusion: the great, the inescapable responsibility of the chief executive is not only to perform functions well, but to make himself both big and strong—big enough for the shoes he has to fill, strong enough for the power he has to wield.

Whatever the reason for his being in the top position, he has to bring to it more than competence in any one field, more even than administrative skill or individual brilliance. He has to bring to it, above all, a realization of the meaning of his position and of his power, a realization that he, in the last analysis, is the company. Therein he differs from all other officers in the company.

For no matter how great his abilities in any one area, no matter how great his accomplishments as a businessman, as an organizer, the job will always demand more of him. He must work for purposes beyond himself. He has the duty to see to it that his responsibility matches his power and authority.

And this duty applies not only to him, but to all bosses—to anybody who is superior to anybody else in an organization, from the executive vice-president down to the foreman on the line. There is a happy and growing trend in American industry to delegate, and my emphasis on the chief executive should not

mislead anyone into thinking that I would reverse that trend.

But authority is not all that is or should be delegated. Along with it goes responsibility. And each supervisor has the same responsibility as the chief executive to make himself big enough for his shoes and strong enough for his power. From the point of view of those who work for him, his shoes are very big and his power is very real.

Let me summarize briefly:

• The chief executive is the most important individual in the business, yet only too often he underestimates his influence.

• His importance lies mainly in his office, which is endowed with unique power regardless of his personal capacity, simply because it is the office of the chief executive.

• It is he who creates the spirit of the organization, its way of life, its integrity, its ability to function as a unit, its policy, its hope.

• How the individual and the office mesh is the most important single factor in the success of the chief executive and of the company.

What the chief executive does is certainly important. But what he is, what he stands for, is more important still. For he will determine whether the business receives the full creative potential of its people.

In conclusion, let me quote a few words a thousand years old. They are as true today as then:

"The efficiency of the army consists partly in the order and partly in the general, but chiefly in the latter, because he does not depend upon the order, but the order depends upon him."

Briefs on Personnel Practices

Tickets for the Careless

How about the fellow who parks so he takes up the space of two cars in the company parking lot or the one who blocks the exit of another car? Companies usually try to get at drivers who violate parking rules through appeals for cooperation in the employee newspaper or bulletin board. However, some company lots have become so crowded and the problem of thoughtless parkers so serious that more stringent measures have had to be instituted.

In one company, a car is ticketed if it is improperly parked. A record is kept, and after three tickets the driver is called to explain why he broke the rules.

In another company, an employee who parks improperly receives a warning. A second infraction of parking lot rules means forfeiture of his parking lot sticker, and he can no longer leave his car there.

Company Scholarship Programs Broadened

Two of the companies which were among the pioneers in providing scholarships for employees or their children have recently extended their programs appreciably. The General Electric Company under its revised plan is offering seventy $500 scholarships for undergraduate work in the 1952-53 academic year. The scholarships are available to employees who have had at least one year of service with the company or to children of employees who have had five years' service.

Funds also provide for twenty student loans of $250 each, while the Gerard Swope loans for study at Union College continue to be available. The General Electric Educational Fund, in addition, provides for loans of up to $300 to GE parents who wish to aid in the education of their children. Application for these may be made at any time during the year and repayments are made through payroll deductions.

The Phillips Petroleum Company recently added $100,000 to its Educational Fund, which will now grant fifty scholarships a year instead of the previous twelve. The scholarships are open to sons and daughters of Phillips employees and pay $500 a year for four years. Students may attend any accredited college or university and study any course they wish. Applicants who do not win scholarships are given preference in obtaining loans from an educational loan fund.

Learn To Speak the Language

Learning to speak French, or Italian, or Javanese can be made easier—by having the company foot part of the bill. It's the practice of some companies to pay for the cost of language study for employees who are sent to foreign countries while in a company's service. Here's how two companies state their regulations:

"The company will pay 50% of the cost of a course in the language of the country of assignment up to, but not exceeding, twelve weeks duration for the employee."

* * *

"The company will reimburse for the cost of language study if such study will be deemed advisable and necessary. However, before approvals are given for language study, an estimate of the total cost shall be submitted for approval. No reimbursement will be made for language study by dependents."

Pension Problems in a Defense Economy

A Round Table Conference on pension problems was held at the 328th meeting of the National Industrial Conference Board at the Waldorf-Astoria Hotel in New York City on January 24, 1952. Professor E. H. van Delden, New York University School of Commerce, Accounts and Finance, was chairman.

The speakers were:

George E. Johnson, Vice-President, Teachers' Insurance and Annuity Association

H. G. Kenagy, Vice-President, The Mutual Benefit Life Insurance Company

Wallis B. Dunckel, Vice-President, Bankers Trust Company

W. L. Russell, Manager, Tax and Group Insurance Departments, National Cash Register Company

Compulsory Retirement and Its Alternatives

George E. Johnson

AT THE President's Conference on Aging in 1950, a group of eighteen or twenty people began discussing compulsory retirement. There were at least six different views about compulsory retirement, although most were opposed to the idea. I should like to take a few minutes to discuss the different points of view regarding retirement.

What does retirement mean? Retirement means different things to different people. First, it may mean retirement from a company where you have been working for a long time. Second, it may mean retirement from work for wages. Third, it may mean retirement from life—you just have no further interest in anything. And, for some people, retirement has a connotation which involves all three meanings.

Take the word "compulsory" retirement. There again you have a very loose term. It may mean a plan where at a given age a person must terminate his employment, and there are no exceptions. Or it may mean a plan where there is a great deal of flexibility, but still a fairly definite point at which the employee must retire.

Now, the approach to this problem of compulsory retirement is affected by the employee's attitude toward work itself. A research professor who is all wrapped up in some project and who thinks he has a great deal to give to the world just doesn't want to retire when the time for retirement comes. But you will find other people who consider work a necessary evil, a burden they have to bear. If they get an opportunity to retire and have enough to live on, they will jump at it.

There are some people, particularly in America, who think that you should work until you drop in the harness. There are other people who believe that you will live much longer if you do as little as possible. They rust out. These attitudes make a difference.

Any discussion of compulsory retirement eventually gets down to one fundamental question—are you going to have a plan that is based on discretionary or compulsory retirement?

There are in general three methods of discretionary retirement. You can have the decision made by the employer, or by the employee, or by some committee or commission. If you have the decision made by the employer, the employee is not likely to like it. This method puts absolute power into the hands of someone who determines whether you will retire. If you are forty-five, you don't know who is going to be there twenty years later to exercise that absolute power.

Where the employee makes the decision as to when he will retire, it is necessary to have an understanding that he meet certain standards of performance; otherwise the employer will not be required to retain him. In many types of work this question of defining standards of performance is very difficult. In some cases, there just isn't any standard of performance which can be set up, especially for older workers. Or there are likely to be differences of opinion between the employer and employee as to whether the worker is meeting the standards.

Somewhere along the line someone has to make a decision under a discretionary plan. Whether the employer or the employee makes this decision, one or the other may not like it.

Theoretically, you can get away from many of these problems if you have a committee or commission that decides whether the employee should retire. The reason why you have very few of these committees is that you probably will have difficulty in finding a group of people who will exercise unbiased judgment,

and moreover will be recognized as being unbiased. Sometimes you come fairly close to a solution if you use your board of directors in this capacity. But when you are dealing with a higher-paid executive, the board of directors may not be in a position to exercise unbiased judgment. Employees in the lower echelons may not think this is fair.

Now we come to the plans that involve no discretion in the matter of retirement. When an employee reaches sixty-five, or some other age, he is automatically retired. Some doctors say "This scheme of having people retired in accordance with a chronological age is bunk. I have a patient who went to pieces shortly after retirement. He was ready, willing and able to perform. Society lost a good man." The doctor, however, was looking at retirement purely from the viewpoint of his patient and not from the standpoint of the employer, who is thinking in terms of the efficiency of the working force.

Several years ago, I sat down with a medical director of a life insurance company in an attempt to work out a test which would determine a person's biological age. We found that there were no very satisfactory tests. There is one test in which an abrasion is made on the skin. The older you grow, the less rapidly the tissue is formed and, therefore, this is some indication of how old you are biologically. Another test is to count the blood vessels in the eye. There are also other tests. But individual parts of the body do not age at the same rate. Also, a person's physical age is different from his mental age. Sometimes the personality pattern will deteriorate more rapidly than the physical age. For these reasons it is difficult to set up standards that are definite under the pension plan.

Much of the employer's and employee's planning is on a chronological basis. The employer has to budget the cost of his pension plan over a period of time, and on a chronological basis. If the individual does not know when he is going to retire, he may not be as saving as he should be. So here too the test of biological age is impractical. These are among the reasons why this test has not been applied in retiring people.

The second nondiscretionary method, which is gaining some ground, is the one of allowing people to taper off. The small businessman, and the professional man, such as the lawyer and the doctor, frequently reduce their activities as they grow older. Why isn't that good for people in industry too? For example, at age fifty-five, a man would be cut down to 90% of his work and salary; at age sixty, to 80%; at age sixty-five to 60%, so that by age seventy-five he would be completely retired.

That sounds nice, but when you apply it you run into problems. Just think of your own older people. How would you measure 10% of their work and how would you cut it down? In some instances you might be able to do it, but in many cases you couldn't measure performance with any degree of accuracy.

There is frequently an underlying assumption that this tapering-off process is more humane. Two colleges that I know of have tried it, and they both reported unsatisfactory results. Take the case of the professor who, we will say, is fifty-five years of age. His schedule of teaching is reduced somewhat. He is told that he is slipping and is made very conscious of it. He is living in the same house, in the same economic strata, and his costs remain the same. He has a very strong psychological reaction against this tapering-off process.

Now a third method sometimes suggested for terminating this employer-employee relationship without discretion is to apply work qualification tests. A number of people believe that this method holds some real promise for the future. But up to now it hasn't been applied very much because of the difficulty of finding a satisfactory test, one that the employee is convinced is fair. Just how do you figure the quality of performance of some of these older people, particularly your foremen and supervisors and administrative people?

Now, as you see, I have referred to three discretionary and three nondiscretionary methods of retirement that are sometimes suggested as alternatives to compulsory retirement. You find that probably a majority of people are opposed to compulsory retirement. And yet when you cross-examine these people on alternatives, they have nothing to offer. I believe that in the future you will find that some variations of compulsory retirement will still be the most popular means for terminating the relationship between employer and employee. But in many instances you will find a certain amount of flexibility.

But I also think in the future there will be a growing consciousness of the necessity and desirability on the part of both the employer and employee to concern themselves with a man's life after retirement.

Preparation for Retirement

H. G. Kenagy

MY INTEREST this afternoon is in just one phase of the problem of retirement—proper preparation for the years after retirement comes. Since employees, retiring at age sixty-five, have fourteen or fifteen more years to live, it is tremendously important to us, from the standpoint of public relations, if for no other reason, to do what we can to make those years after retirement reasonably healthy and happy.

We know that a pension plan, even when it is adequate in terms of dollars, is not the whole answer to

happy retirement. It doesn't take a very bright person to discover that dollars alone do not bring post-retirement happiness.

But if money isn't enough, what else should be in the picture? The other necessary elements are interesting, worthwhile, purposeful activity and reasonable health.

Is it up to the employers to concern themselves with these problems? In a strict legal sense, we have no responsibility at all but, in terms of what we can accomplish for the welfare of our present employees, it seems to me we will be missing a tremendous bet if we don't do what we can to prepare people for retirement. If we help people to get ready, we must accept the fact that real planning for retirement begins long before the day when the president bids the employee good-bye, perhaps presents him with a parting gift and wishes him well.

You may disagree with this statement, but some of the most thoughtful individuals who have studied the problem say that by the age of fifty, the individual's plan for retirement should be definite and realistic. This is on the theory that employees will do the best job of preparing for retirement when they are best able to plan and think their problems through. Most plans for preparing employees for retirement wait too long. We certainly can't solve an employee's retirement income problems if we wait until he is sixty-four to begin talking to him about them.

If available statistics mean anything at all, they show that less than two people in a hundred make what we could call adequate preparation for retirement. Because the other ninety-eight fail to do so, their after-retirement life tends to be unhappy, resulting in a very unfavorable attitude toward the company to which, as they say, they gave the best years of their life.

Now what are the opportunities of a company in this field? I am convinced that we need not set up an elaborate, costly department or add specialists in the personnel department. Rather we should use the people we already have and integrate retirement planning with their regular activities.

One thought I want to emphasize is that these plans which we set up ought not be *imposed upon* employees even though we think they are worth while. Our function is to encourage, educate and advise people to do for themselves what they might not do without that encouragement and advice. We certainly can provide a great deal of literature on planning for retirement, covering such phases as hobbies, part-time occupations, community service and other activities, and health problems. We can foster the development of adult education courses which teach subjects useful to people heading for retirement, and we can also do a great deal to encourage the formation of hobby clubs.

I want to mention briefly three other types of activities in which we can engage. First we can stimulate employee groups within our companies to interest themselves in preparation for retirement. Most of us have veterans' clubs of one sort or another. Our company has a men's club and a women's club. We find that ambitious officers of these clubs are very happy to get suggestions about the formation of discussion groups to study hobbies, travel, health matters and allied subjects.

Second, we can promote interest through our company house organs. Perhaps that is the most effective medium we can use for a continuing program. Third, we can have a tremendous effect on the attitude of those who are still working by keeping our already retired people as happy as possible.

I could mention a number of companies who have done a marvelous job of promoting hobby clubs of one sort or another. The Bell Telephone Company has a record of doing splendid work in that field. House organs that are now coming to my desk are doing an outstanding job of selling the idea of retirement. They point to the fact that old age can be beautiful, that retired years can be very happy and that the retired employee may enjoy a contented, useful period of life. That is done by stories of happily retired people, telling what they are doing, but still more important, emphasizing what they did to prepare for the life they are now living.

Another important point is what we do for retired employees. We have had the most amazing results in our own company in that area. We don't do anything elaborate or costly, but we show in every way we can that people who are retired from active work are still considered members of the organization. We keep literature going to their homes. We remember their anniversaries and birthdays. We encourage them to come back and exhibit the hobbies that they are developing. They are still members of the veterans' organizations, and they attend meetings of those groups. We invite them to the Christmas and Thanksgiving dinners, and to other special occasions. We encourage them to drop in for visits. When they come back and mingle with their friends, they spread the idea that they are living happily. That helps us sell our people the idea that retirement years aren't something to be dreaded, and that they, too, can have a happy future.

A number of concerns are doing a splendid job of integrating counseling on retirement with the other personnel counseling they do. They schedule interviews about pension benefits, then gradually tie the general discussion to the individual's own retirement in terms of things other than income. When this is

tactfully done, advice on retirement plans seems to come at the suggestion of the employee instead of at the instigation of management.

The finest by-product of helping employees to plan intelligently for their old age, is that *it makes them happier, more productive people right now.* If you can suggest a plan for the years ahead which the employee accepts and likes, with a goal at the end that seems sure and pleasant—something that he can look forward to with anticipation—you take away the tensions of the present. We actually find that we stimulate productive activity. We get employees who are better adjusted to their jobs, and who live more happily with their associates. To me that is the big payoff for the effort that we make in encouraging wise planning for the future.

Investment Problems in an Inflationary Period

Wallis B. Dunckel

MR. KENAGY has just remarked that money isn't everything in a happy retirement, but I think you will all agree that it helps. That is what I would like to talk about today. How can a manager of a pension portfolio help the company provide adequate pensions during an inflationary period? I don't pretend to have all or even many of the answers, but I would like to bring a few points to your attention.

At the outset of this discussion I should like to remind you that the contractual liabilities of a pension fund are for dollars and not for purchasing power. The obligation of the trustee or the manager of such a fund is to invest the monies given him to produce the best results possible and to pay out dollars in the form of pensions.

The company sponsoring the plan does not calculate in advance that its cost is going to be reduced by fortunate investment results, nor that such results will in any way pay a part of that cost. A high rate of return or large capital gains do not automatically result in larger pensions for retiring employees. On the contrary, the amount of the pension is determined by the terms of the pension plan itself, which, according to a formula of some sort or other, promises to pay a pension of a fixed number of dollars.

Relatively few pension plans relate their benefits to compensation received by an employee during the final five or ten years of employment. That kind of a plan goes a long way toward overcoming the effects on a pensioner of all but a very sudden inflation. It is more costly, of course, but it should be noted that the additional cost of such a plan is anticipated in advance by making increased contributions to the pension fund, and does not require the portfolio manager to invest with an eye to inflation.

Thus we see that inflation results in either inadequate pensions, or in an increase in the cost of the plan in order to make the pensions adequate. Consequently, the trustee or manager of a pension fund portfolio is inevitably involved with inflation, since success in his investment program will help the company to reduce the cost of providing adequate pensions, and thereby help the employees.

Most pension plans, however, either provide a fixed

(*Continued on page 205*)

Bouquet for the Boss

When some 18,000 factory employees sign a testimonial praising their boss as a "jobmaker," this qualifies as news in a day of headlines blazoning labor disturbances. Fred C. Crawford, president of Thompson Products, Inc., was the surprised recipient of such a testimonial, presented recently at the annual dinner meeting of the Old Guard Association—an organization made up of long-service employees.

In the week preceding the meeting, parchment rolls were circulated through the several Thompson plants in the United States and the one in Canada. On the eve of the meeting, the several sections, containing the signatures of approximately 18,000 employees, were affixed to an illuminated scroll which hailed Mr. Crawford as a "jobmaker . . . whose genius for leadership has made our company great . . . whose unyielding insistence on equal rights and respect for every last individual among us has made us proud to be a part of the Thompson organization . . ."

When unrolled, the parchment extended 167 feet across the hotel ballroom where the dinner was held. Some 1,600 Old Guard "graduates" witnessed the presentation.

It happened to be the thirty-fifth anniversary of Mr. Crawford's joining Thompson Products Inc. as a millwright's helper. He has been president of the company since 1933.

Significant Features of New Pension Plans

INFLATION and the liberalization of the Social Security act have caused many companies to reexamine their pension programs. The accompanying analysis indicates the variety of ways companies are meeting the new situation.

While a sample of nine is insufficient to indicate a definite trend, certain significant factors do stand out. One of these is the complicated formulas which companies have evolved; in nearly every one of these plans, the formula is different. This is a far cry from the standard $100 a month which prevailed shortly after the Supreme Court and the steel fact-finding board put their stamp of approval on union-negotiated pension plans.

Most of these plans provide for a minimum pension. In some instances this minimum is still $100 a month, including Social Security, but in others the combined minimum is more than a $100, or the minimum under the plan is independent of the federal benefit.

A larger number of these new plans are gearing the pension to the employee's pay and his years of service than was found in the last several years. The formulas are very similar to those in force before the Social Security benefits were liberalized. In other words, the employee is given the benefit of the increase in FOAB.

Some companies have developed several formulas for computing an employee's pension—in any individual case the one used is the formula which will provide the largest amount of pension for the individual. Under the plan of the National Cash Register Company, which is on a contributory basis, even employees who are not participating are entitled to a pension. They are given a minimum pension from which is deducted the amount of annuity which their contributions would have provided had they participated.

Two plans in manufacturing establishments are for salaried employees. In the case of the Kennecott Copper Corporation, the plan previously applied only to salaried employees earning over $3,000 a year. The revised plan has been expanded to include all salaried employees. And a new section has been added to provide for a noncontributory pension allowance. Under the contributory feature, the employees' contributions have been lowered but the allowances have also been reduced.

Three of the nine plans provide for employee contributions, and three of the plans are paid for entirely by the employer. Another three plans provide for a basic noncontributory pension but certain classes of employees are given the opportunity to contribute and receive larger benefits.

RETIREMENT AGE AND VESTING

Normal retirement continues to be at age sixty-five under most of these plans. In the Mathieson Chemical Company, however, normal retirement is at age sixty-eight; compulsory retirement, at age seventy, and early retirement is at age sixty-five. Four of the nine plans have compulsory retirement provisions. In all these, mandatory retirement is at age seventy.

Vesting rights are given in all of the plans which provide for employee contributions. The age and service requirements for full vesting vary quite widely. One unusual provision is found in the plan of the United States Life Insurance Company. After five years' service, the employee commences to receive credit for the employer's contributions. For each year above five, he is credited with an amount of the employer's contributions equivalent to 10% of his own contributions but in no event will he receive an amount in excess of the current service annuity purchased by his and the company's contributions.

In a period of labor scarcity, companies may wish to retain the services of their employees who have reached normal retirement age. In a few instances, retired employees able to perform assigned tasks satisfactorily have been recalled. But what of the pension rights of these classes of employees? The majority of plans do not cover this contingency.

Of the four plans containing such clauses, one provides that the employee who works beyond the date of normal retirement will automatically receive his pension. In another, the employee is given the option of continuing his contributions after age sixty-five. A third plan provides that contributions shall cease at age sixty-five but the pension paid at retirement shall be on an actuarially increased basis.

Four of the nine plans provide for disability pensions. The Mathieson Chemical plan states that the employee must exhaust the total permanent disability benefit under the group life insurance plan before he begins to receive the disability pension. The company, however, will pay a death benefit of the difference between $1,000 and the unused portions of the group life insurance.

F. Beatrice Brower
Lois E. Forde
Division of Personnel Administration

Main Provisions of Recently Received Pension Plans

Name of Company, Date of Plan, and Type of Funding	Eligibility Requirements and Contributions	Normal Pension Formula	Disability Pension Formula, Vesting Right, and Death Benefits	Retirement Age and Reemployment Provisions	Administration of Plan
Diamond Alkali Company July 31, 1951 For salaried employees only. Noncontributory plan	Employer pays entire cost Salaried employees age 65 with 15 years of service	\$110 a month at age 65 with 25 years' service. Deduct \$4.40 for each year of service under 25 to minimum of \$66 a month for 15 years' service. Deduct Social Security and Workmen's Compensation	No vesting right No death benefits	Normal retirement at age 65, compulsory retirement at age 70 If reemployed, pension payments cease	
Contributory plan May select either contributory or noncontributory plan. Insured plan	Employee contributions: 2% of 1st \$3,600, plus 4% of excess up to \$10,000, plus 3.4% of excess up to \$30,000 Salaried employees with 5 or more years of continuous service under age 64. Employees not members of prior salaried plan are ineligible for past service provisions	Past service: 0.75% of 1st \$3,600 of Aug. 1, 1951 salary plus 1.5% of excess to \$15,000, times years of service to date employee entered prior plan, or if eligible for past service under prior plan all years of service are counted except first five years or those prior to age 40, whichever is later Future service: 1% of 1st \$3,600 of base salary, plus 2% of excess up to \$10,000, plus 1.7% of excess up to \$30,000, times years of service Minimum pension from company contributions same as for noncontributory plan	Vesting right: At 50 and in plan 10 years, full vesting Death benefit: Employee's contributions plus interest	Same as above. Pension credits do not accrue for service during reemployment after retirement	
Hourly employees Trust fund. Amounts actuarially determined to provide pension for each employee when he retires	Employer pays entire cost Hourly employees age 65 with 15 years' service	\$110 a month at age 65 with 25 years' service. Deduct \$4.40 for each year of service under 25 to minimum of \$66 a month for 15 years' service. Deduct Social Security and Workmen's Compensation	No vesting right No death benefits	Normal retirement at age 65, compulsory retirement at age 70 If reemployed, pension ceases	Wherever there is a union, committee of equal representation of union and management will verify facts regarding pension. Decision final, subject to arbitration. For nonunion members, committee of equal representation
Kennecott Copper Corporation July 1, 1951 Noncontributory plan Trust fund	All salaried employees of corporation and designated subsidiaries. Board of directors may extend benefits to stated classes of employees of subsidiaries operating outside the United States. 15 years of service	1% of compensation averaged over last 10 years before retirement, times years of service. \$100 a month minimum after 25 years' service, decreased proportionately down to 15 years' service. Deduct Social Security	\$50 a month minimum with 15 years' service, age 50. At age 65, normal formula applies	Normal retirement at age 65. Early retirement at age 60 with 15 years' service	Retirement committee made up of chief executive and four others elected by board of directors from directors and members of plan. At least two, but not more than three, shall be members of plan

Main Provisions of Recently Received Pension Plans *(Continued)*

Name of Company, Date of Plan, and Type of Funding	Eligibility Requirements and Contributions	Normal Pension Formula	Disability Pension Formula, Vesting Right, and Death Benefits	Retirement Age and Reemployment Provisions	Administration of Plan
Kennecott Copper Corporation (Continued) Contributory plan Participation voluntary Same as above	Employee contributions: 2.5% of total monthly salary Salaried employees of corporation and designated subsidiaries, between ages 30 and 64, hired on or before 50th birthday. One year's service	Monthly pension equal to 2.5% of total contributions before July 1, 1951 plus 1.67% of total contributions thereafter Maximum pension, contributory, noncontributory, or both: $2,916.67 a month	Vesting right: Full, if 10 or more years' continuous service Death benefit: Employee contributions plus interest, less benefits already paid	Same as above	Same as above
Mathieson Chemical Corporation Original plan, November 18, 1941 New plan, March 27, 1951 Noncontributory plan Trust fund. Fund may be invested in insurance contracts, securities of the company and real and personal property.	Employer pays entire cost Permanent full-time employees with 90 days' service	Monthly pension equal to the greatest of: (1) $5 for each year's service from 15 to 25. Deduct Social Security (2) $1.50 for each year's service to maximum of 30 years (3) 1% of average monthly pay during first 6 months of 1950, up to $300, times years of past service since age 30, plus 1/12 of 1% of pay not in excess of $300 during each month of future service after age 30, less ½ Social Security Maximum noncontributory pension, including Social Security: $150 a month Early retirement at own option: Total of company pension plus Social Security, reduced by 1% for each full 3 months under age 68. At company option: Pension determined as for normal retirement, based on years' service to date of early retirement Deduct payments under workmen's compensation or disability benefit laws and from any other state or private fund not attributable to contributions of employees No service credit after age 68	25% of pay up to $300 a month, plus ½ of 1% for each year of service over 15 through 30. Minimum $50 per mo. Not to begin until total and permanent disability benefits under group insurance exhausted If amount of life insurance reduced to less than $1,000 through receipt of group insurance disability benefits, employee is entitled to death benefit equal to difference between $1,000 and remainder of life insurance. Deduct workmen's compensation, disability benefits under state law or from any other state or private fund not attributable to contributions of employees	Normal retirement age 68. Compulsory retirement age 70. Early retirement at age 65. Disability retirement at age 50 with 15 years' service	Pension committee of at least three persons appointed by board of directors. Pension finance committee appointed by board of directors, president, vice-president and director who is not officer. Not participants in plan
Contributory plan Participation voluntary Same as above All employee contributions invested in insurance	Employee contributions: 6% of monthly pay between $300 and $1,250 Permanent full-time employees with 90 days' service and monthly pay over $300	(1) Future service: 1.75% of monthly pay between $300 and $1,250, times years as contributor (2) Past service: 1% of average monthly pay between $300 and $1,250 during first 6 months of 1950, times years of service after age 35 Early retirement at own option: Pension reduced by 1% for each full 3 months under age 68. At company option: Pension determined as for normal retirement	(1) 12.5% of pay from $300 to $666.67 averaged over 6 months preceding retirement, plus ¼ of 1% of above pay for each year of service over 15 through 30 (2) For monthly salary from $666.67 to $1,250, ½ the above percentages Vesting right: If age 45 with 10 years of service, 50% of company contribution plus 10% for each subsequent year of service Death benefit: Own contributions plus interest, minus pension payments or cash withdrawal	Same as above	Same as above

Main Provisions of Recently Received Pension Plans *(Continued)*

Name of Company, Date of Plan, and Type of Funding	Eligibility Requirements and Contributions	Normal Pension Formula	Disability Pension Formula, Vesting Right, and Death Benefits	Retirement Age and Reemployment Provisions	Administration of Plan
Meredith Publishing Company Original plan, 1938 Latest revision, June 30, 1951 Group annuity	Employee contributions: 2.5% of basic monthly pay up to $300, approximately 3.5% of excess All employees between 30 and 55 with one year of service	Past service: ¾ of 1% of monthly salary up to $300, plus 1% of excess, times years of service after first year and after age 30. Add any monthly income credit accrued under former plan for service before June 30, 1951 and up to age 30. Future service: Monthly income credit of 40% of monthly contributions times years as contributor	Vesting right: With 10 years' membership in plan, 50% of company contributions plus 5% for each year of service thereafter, to 100% for 20 years' membership. Death benefit: Employee contributions less payments to employee	Normal retirement at age 65	
National Biscuit Company Original plan, 1946 Latest revision, May 1, 1951 Pay-as-you-go heretofore. Pension trust established 1951	Employer pays entire cost All employees	1% of compensation averaged over last 10 years, times years of service. Deduct ½ Social Security. Minimum: $70 a month with 35 years of service reduced $1 a month for each year less than 35. If less than 20 years of service, no minimum If pensioner should enter service of another company and does not receive Social Security, company will deduct Social Security in any event	Between ages 55 and 65 with 15 years of service or under age 55 with 20 years of service. 1% of pay averaged over 10 years preceding retirement, times years of service, less ½ of 1% for each year under age 60. Deductions as in normal pension formula. Minimum $50 a month if at least 20 years of service. Minimum normal pension at age 65, but credited only with actual years of service	Normal retirement at age 65. No early retirement except for disability. If retired employee engages in any business detrimental to company, pension will be discontinued	
National Cash Register Company Latest revision, January 1, 1951 Group annuity and deposit administration	Employee contributions: 3% of first $3,600 of annual base pay plus 6% of excess Full time employees age 30, under 65, 5 years' service	1% of first $3,600 plus 2% of excess, times years of participation Past service under previous plan Minimum pension the greater of: (1) $100 a month including Social Security, or (2) $25 a month plus $1.60 a month for each year of service over 15 through 30, plus Social Security. Minimum pension for noncontributing employee: $25 a month plus $1.60 a month for each year of service from 15 through 30 plus Social Security, minus amount of retirement income that would have been purchased with his contributions if he had contributed	Vesting right: Full after 10 years Death benefit: Employee contributions with interest less payments to employee	Normal retirement at age 65. Early retirement age 55-65 on actuarially reduced pension. Extended retirement age, contributions cease. Pension paid on actuarially increased basis at retirement	
L. Sonneborn Sons, Inc. Original plan, January 1, 1943 Latest revision October 11, 1951 Individual policies	Employer pays entire cost Salaried employees with 30 months' service, between ages 31½ and 60½, earning over $3,600 a year	Future service: 1% of earnings over $3,600 in year preceding date of eligibility, times years of service to normal retirement date Past service: ¾ of 1% of earnings over $3,600 in year preceding date of eligibility times years of past service Minimum annual pension: $240 plus Social Security	Vesting right: Full after 10 years of service Death benefit: Life insurance of $1,085 ($1,052 for women) for each $10 of monthly retirement income. No life insurance benefits on retirement income in excess of $1,200 a year. In such cases beneficiary receives cash value of contracts for amount above $1,200 a year	Normal retirement at age 65. Payment begins on normal retirement date even though retirement is postponed: Early retirement with consent of company	Trustee and administrative committee

Main Provisions of Recently Received Pension Plans *(Continued)*

Name of Company, Date of Plan, and Type of Funding	Eligibility Requirements and Contributions	Normal Pension Formula	Disability Pension Formula, Vesting Right, and Death Benefits	Retirement Age and Reemployment Provisions	Administration of Plan
The United States Life Insurance Company September 1, 1951 Self-insured	Employee contributions: 2% of first $3,600 plus 4% of next $21,400, 2% of balance Permanent full-time salaried home-office employees age 25 with one year's service. Service requirement waived for employees earning over $4,500 a year	Future service: 1% of first $3,600 plus 2% of next $21,400, plus 1% of balance, times years of participation Past service: ½ of 1% of first $3,600 during year preceding August 31, 1951, plus 1% of balance, times years of service before September 1, 1951 during which he would have been eligible if plan had been in effect Early retirement with actuarially decreased payments Deferred retirement with actuarially increased payments	If totally disabled for one year, with 10 years of service, sum of future and past credits accrued as result of membership. If still disabled at normal retirement date, disability pension continued for life. If employee is reemployed all contributions and retirement annuity credits restored as of date of commencement of disability benefit Vesting right: Beginning with 6th year, 100% of own contributions, increasing by 10% per year to 250% of own contributions after 20 years, but never in excess of future service annuity purchased with combined employee-company contributions	Normal retirement age, 65. Compulsory retirement age, 70. Employee contributions after 65 at his option. Early retirement, age 60 with 20 years of service	Retirement committee: 2 officers appointed by president; personnel director; and 2 employee members elected by members of plan
A nonferrous metals company To be submitted to stockholders May 21, 1952 Plan negotiated with a number of unions Effective January 1, 1952 if approved by Wage Stabilization Board and BIR Trust fund To deposit yearly an amount sufficient to keep plan in full force during terms of the agreements. Company to furnish statement annually to unions that amount in trust is sufficient to provide pensions under agreement	Employer pays entire cost Regular hourly employees of company and designated subsidiaries, with 15 years of service	1% of monthly pay averaged over 10 years preceding retirement, times years of continuous service. Deduct Social Security and other pension or similar benefits under state or federal law to which company has contributed. Deduct dismissal compensation paid under state or federal law, except amount attributable to employee contributions. Deduct workmen's compensation except statutory payments for dismemberment. Minimum pension: $100 a month (less Social Security and other deductions) after 25 years of continuous service, reduced proportionately to 15 years of service Early retirement pension reduced by ½ of 1% for each month commencement of pension precedes 65	$50 a month minimum to age 65. Thereafter, normal pension based on years of service preceding disability No vesting right No death benefits	Normal retirement at age 65 May work beyond 65 if able, in opinion of company, to perform the work available. Early retirement at age 60 with 15 years' service. Disability retirement at age 50 with 15 years' service	Joint administrative procedure board to decide disputes about age, earnings, etc., subject to arbitration

Shift Premiums in Union Contracts

An analysis of 111 contracts shows that nine out of ten provide a shift bonus for the employee who works nights

UNDER a great majority of union contracts, the employee who works nights receives a shift bonus. Ninety-nine out of 111 contracts analyzed provide him with a shift bonus: seventy-nine of these give him a second-shift premium; seventy-seven give him a third-shift premium; and nineteen give him a premium for night work but do not specify to what shift such night work premium applies. Most frequently his second-shift premium is 5 cents (twenty-nine contracts), and his third-shift premium is 10 cents (twenty-one contracts).

In those contracts where negotiators included shift premiums, the company may or may not be scheduling two or three shifts. Inclusion of such premiums, however, covers that situation if and when it comes up. From the contracts themselves, however, there is no exact way of telling whether a company has night-shift operations.

Second-Shift Premiums

Under seventy-nine contracts the worker receives second-shift premium pay. He receives a cents-per-hour premium in sixty-two of these; under the remaining seventeen, he is paid a percentage of his basic pay rate.

Five cents is the second-shift premium most frequently paid the worker (twenty-nine contracts). Next most frequent cents-per-hour premium is 4 cents (thirteen contracts). Ten cents, the highest cents-per-hour premium noted for second-shift workers, occurs in five contracts.

Under nine contracts, the employee gets a 10% premium for working the second shift. In most cases, this 10% adds more to the employee's pay than the top premium of 10 cents in the cents-per-hour shift premium contracts. Five per cent, the next most frequent percentage-type premium, is called for in seven contracts.

Third-Shift Pay Greater

The worker gets a third-shift premium in seventy-seven contracts. Under a majority (sixty-three) of the contracts analyzed he gets a larger premium for working the third shift than the second. In one company, for example, a worker gets 6 cents an hour for the second shift and 15 cents an hour for the third shift.

Third-shift premiums are paid the employee on a flat cents-per-hour basis under sixty-one contracts. They range from 4 cents to 15 cents. Most frequently, however, the third-shift worker gets 10 cents (twenty-one contracts). He gets 5 cents, which was the mode for second-shift premiums, under only seven contracts.

Third-shift workers covered by sixteen contracts get a percentage premium. Under ten of these, the worker gets a 10% premium, while under four he gets 15%.

General Night-Work Premium

Under nineteen contracts, the worker gets a premium for working during night hours rather than for specific shifts. Under eleven of these contracts he gets a flat cents-per-hour premium, while under the remaining eight he gets a percentage of his basic pay rate. The range of cents-per-hour premiums paid a worker for general night work is from 2 cents (two contracts) to the mode of 10 cents (four contracts). Percentage type premiums vary from 6% (one contract) to 15% (one contract), the most frequent being 10% (five contracts).

Shift Hours Specified

The hours for which a worker will get shift premium payments and how these hours will be figured are spelled out specifically in a number of contracts. In a utilities contract with the CIO Oil Workers the exact hours for the start and finish of the three shifts are given as follows:

"It is agreed that all employees shall be paid a shift differential for hours worked at undesirable periods during the twenty-four hours in any one day where work is normally scheduled in that manner.

"The twenty-four-hour day is divided into three shifts as defined below. The term 'day shift' means that shift worked during the daytime, normally beginning at eight o'clock a.m. and ending at four o'clock p.m. The term 'evening shift' refers to the shift immediately following the day shift, normally beginning at four o'clock p.m. and ending at twelve o'clock midnight. The term 'morning shift' refers to the shift immediately following the evening shift, normally beginning at twelve o'clock midnight and ending at eight o'clock a.m.

"There shall be paid a shift differential to employees working on shifts, other than the day shift, as follows:

Evening shift .... 3 cents per hour
Morning shift .... 5 cents per hour

"It is understood and agreed that shift differentials will not be paid those employees who are off duty because of excused absences which are paid for under the terms and provisions of this agreement."

A candy company's contract with the United Candy Workers Union sets up its shift premium provision this way:

A. There shall be a 7 cent per hour premium for work performed on the second shift. Employees shall be considered as working on the second shift if they are regularly and previously scheduled to begin work on or after 12:00 noon and where the majority of the work day is worked after 12:00 noon and before 12:00 o'clock midnight. In case of scheduled short shifts, the starting time may be before 12:00 noon, but the majority of hours must be worked after 12:00 noon.

B. When management requests employees working on the second shift to report at the start of the next day shift or at a time so that the majority of hours are worked in the day shift, a seven cents an hour premium will be paid for all work performed on the one day shift.

Employees, working on the second shift or third shift, who request day shift for their convenience, shall not receive the premium for day-shift work.

C. There shall be a 10% premium for work performed on the third shift. Employees shall be considered as working on the third shift if they are regularly scheduled to begin work on or about 10:00 p.m., and where the majority of the work is performed after 12:00 midnight. The 10% premium is figured on gross earnings for work performed on the third shift.

Figuring Overtime Rates

Work on the midnight shift is sometimes made even more palatable by giving the worker eight hours' pay at his regular rate, plus the shift premium, even though the worker is only required to work six and one-half hours. This arrangement gives the worker a high hourly rate. It also results in considerable complexities when the company tries to figure the overtime rate. A clause calling for such an arrangement occurs in a midwestern aviation company's contract with the UAW-CIO:

"4. Employees working six and one-half hours on the third shift will receive eight hours' pay. Overtime compensation of third-shift employees regularly assigned to six and one-half hour shifts shall be computed in accordance with the following formula:

$$\frac{1\tfrac{1}{2} \times 8 \text{ (hourly base rate + shift differential)}}{6\tfrac{1}{2}}$$

5. The overtime compensation of third-shift employees regularly assigned to eight-hour shifts shall be computed in accordance with the following formula:

$1\tfrac{1}{2}$ x earned rate.

The earned rate is computed as follows:

$$\frac{8 \text{ (hourly base rate + shift differential) + } (1\tfrac{1}{2} \times \text{hourly base rate})}{8}$$

Other contracts deal with the problem of coordinating a worker's overtime pay and shift bonuses in simpler terms. An oil company's contract with the CIO Oil Workers International Union says:

"When an employee working the afternoon or graveyard shift is working under conditions which entitle him to the overtime rate, computation of such rate will be based on the regular hourly rate plus the applicable shift differential."

Shift Premium Provisions in 111 Union Contracts in Effect as of January, 1952

	Total	*Total Per Cent*	*AFL*	*CIO*	*IND*
Shift premiums provided	99	89.2	38	39	22
Shift premiums not provided	12	10.8	7	2	3
Second-shift premiums	79	71.2	32	30	17
Total cents per hour	62	55.9	27	22	13
2 cents	1	0.9	1	–	–
3 cents	3	2.7	–	2	1
4 cents	13	11.7	7	5	1
5 cents	29	26.1	13	8	8
6 cents	4	3.6	2	1	1
7 cents	3	2.7	2	–	1
7.5 cents	2	1.8	1	1	–
8 cents	2	1.8	–	2	–
10 cents	5	4.5	1	3	1
Total percentage	17	15.3	5	8	4
5%	7	6.3	1	4	2
7%	1	0.9	–	–	1
10%	9	8.1	4	4	1
Third-shift premiums	77	69.4	31	31	15
Total cents per hour	61	55.0	27	22	12
4 cents	1	0.9	1	–	–
5 cents	7	6.3	–	5	2
6 cents	10	9.0	5	4	1
7 cents	8	7.2	3	3	2
7.5 cents	4	3.6	1	1	2
8 cents	5	4.5	2	2	1
9 cents	1	0.9	1	–	–
10 cents	21	18.9	12	6	3
12 cents	3	2.7	1	1	1
15 cents	1	0.9	1	–	–
Total percentage	16	14.4	4	9	3
5%	1	0.9	–	1	–
7.5%	1	0.9	–	1	–
10%	10	9.0	3	4	3
15%	4	3.6	1	3	–
Night work premium[1]	19	17.1	6	7	6
Total cents per hour	11	9.9	2	5	4
2 cents	2	1.8	1	–	1
3 cents	1	0.9	–	1	–
5 cents	3	2.7	1	1	1
6 cents	1	0.9	–	1	–
10 cents	4	3.6	–	2	2
Total percentage	8	7.2	4	2	2
6%	1	0.9	–	–	1
7.5%	1	0.9	1	–	–
10%	5	4.5	3	1	1
15%	1	0.9	–	1	–
TOTAL	111	100.0	45	41	25

[1] Shifts not specified

Excluded from Incentive Pay

A steel company's contract excludes shift differential in computing a worker's incentive pay:

"Shift differential shall not be added to the hourly base rate for the purpose of calculating incentive earnings but shall be computed by multiplying the hours worked by the applicable differential, and the amount so determined added to earnings." (*A steel company and the United Steelworkers, CIO*)

Included in Fringe Item Payments

Shift bonus payments are used in figuring other fringe benefits under this clause:

"All hourly rated employees regularly assigned to the second (evening) shift shall be paid a differential of 5 cents per hour which shall be included in the base rates of pay for purposes of computing overtime payments, vacation payments, sick benefit allowances, demotion pay, severance pay and travel time." (*An oil company and the Oil Workers International Union, CIO*)

Higher Rate for Short Work Week

Another device which is used to make night work attractive to the workers is to provide a higher bonus rate if the hours worked go below a specified number:

"Section 9. So long as the scheduled work week of continuous shift workers is not less than an average of forty-two hours, the company will pay for each hour of continuous shift work performed upon the afternoon shift the sum of 8 cents per hour above the employee's regular rate and for each hour of continuous shift work performed on the night shift the sum of 12 cents per hour above the employee's regular rate. In the event the scheduled work week of continuous shift workers is less than an average of forty-two hours, shift premiums for continuous shift work performed as above specified shall be paid at the rate of 11 cents and 16 cents, respectively." (*An eastern chemical company and the United Chemical Workers, CIO*)

Union-Management Meetings Required

Where three shifts are not in operation at the time of contract signing, some contracts call for joint management-union consultation before the additional shifts are put into operation. Two clauses dealing with this subject are:

"6. Shift Operations: The company may in its discretion establish one, two or three shifts during a twenty-four-hour period; the starting and ending time thereof, the provisions for rotation, and the period of time between rotation of the shifts shall be set by the company after consultation with the union and shall be subject to the actual operating requirements of the company.

When shift operations are necessary, workers on a regular evening shift shall receive a 5% shift bonus for hours worked from 4:00 p.m. to midnight and a 10% shift bonus for hours worked from midnight to 8:00 a.m.

Workers on a swing shift basis shall receive a 10% shift bonus for hours worked from 4:00 p.m. to midnight and a 10% shift bonus for hours worked from midnight to 8:00 a.m." (*A pharmaceutical company and the International Chemical Workers, AFL*)

* * *

"Section 4. When Three Shifts Are Worked: When the company shall deem it advisable to establish a regular third shift, it is agreed that the company and the union will at that time mutually agree upon the terms and conditions thereof, as well as the terms and conditions of other shifts as it would relate thereto." (*A shipbuilding company and the Industrial Union of Marine and Shipbuilding Workers, CIO*)

Premium for Night Work

The contracts of some companies do not provide that workers get paid for specific shifts as such. Rather they set up a day rate and a night rate. One eastern company in its contract with the UAW-CIO establishes its night work premiums in the following manner:

All employees who shall work on night shifts, starting after twelve o'clock noon, shall receive the night rate set forth in exhibit B attached hereto.

Day shift employees who shall be transferred temporarily to the night shift shall be paid the regular night rate. Night shift employees who shall be transferred temporarily to the day shift shall continue to receive the regular night rate. A temporary transfer shall not exceed four weeks.

EXHIBIT B
Night Rate

Day Job Rate	Night Addition	Night Job Rate
.88	.10	.98
.93	.11	1.04
.98	.12	1.10
1.03	.12	1.15
1.08	.13	1.21
1.13	.14	1.27
1.18	.15	1.33
1.23	.15	1.38
1.28	.16	1.44
1.33	.17	1.50
1.38	.18	1.56
1.43	.18	1.61
1.48	.19	1.67
1.53	.20	1.73
1.58	.21	1.79
1.63	.21	1.84
1.68	.22	1.90

(*An Eastern Manufacturing Company and the United Automobile Workers, CIO*)

JAMES J. BAMBRICK, JR.
HERMINE ZAGAT
Division of Personnel Administration

The Labor Problem in the Public Service—An analysis of special labor problems incident to civil service employment. Included is a detailed discussion of the role and the methods unions have introduced into this picture and the problems that in turn have been created. After analyzing these problems, the author offers a program for handling labor relations where government is the employer. *By Morton Robert Godine, Harvard University Press, Cambridge, Massachusetts, 1951, 320 pp. $5.*

Industry Studies Sound Effects

TIME has not inured industry to the clamor of the machine. Instead, companies are becoming increasingly noise conscious.

They are seeking to learn more about harmful pitches of sound, how to eliminate them, or protect against them. And they are seeking information in another area. How can it be determined, for example, whether hearing loss is due to noise on the job or to infectious disease, age, tumors, or earlier exposure to harmful noise?

Evidence of this stepped-up interest in the problem of noise and its effect on the worker is the growing cooperation of various industries with the American Academy of Ophthalmology and Otolaryngology. The academy has a subcommittee studying the industrial noise problem from the viewpoint of hearing conservation. They are trying to determine the levels above which noise may produce hearing loss; to evaluate protective devices such as ear plugs and ear muffs; to standardize testing techniques; and to decide on recommendations for hearing-conservation programs in industrial plants.

ONE COMPANY'S PROGRAM

Allis-Chalmers Manufacturing Company is one of the industrial groups participating in the hearing-conservation program. This company defines its program as having three phases: perfecting medical knowledge in the field of sound; employing preventive measures for protection against sound; and compensating for loss of hearing due to industrial sound.

The first phase involves bringing together all the available information relative to harmful pitches of sound, intensity of pitches, and continuity and length of exposure to sound. Also more information is needed concerning variations in individual sensitivity to sound.

The second phase, preventive measures for protection against sound, involves finding out which locations are sources of harmful sound and the development of methods for eliminating this hazard. It requires use of protective equipment for the individual and it requires periodic medical examinations to determine, at an early stage, whether being exposed to various sounds damages the person's hearing.

The third phase of the program concerns workmen's compensation claims for hearing losses. It is in this area that questions such as determination of the reason for loss of hearing are important. This is regarded as especially difficult because of the influence of other factors. It is here that it becomes important to know when hearing loss begins—and whether it is due to recent noise exposure or to some earlier experience such as military service. The answer, of course, makes a difference in workmen's compensation claims.

LONG-TERM PLAN

The long-term hearing conservation program now in operation at Allis-Chalmers has been preceded by sound-level readings with a decibel meter in various noise locations, and the purchase of audiometers, necessitating the subsequent training of technicians to operate them.

The continuing plan for the program begun by Allis-Chalmers includes:

- Giving audiometric examinations to new employees and having periodic rechecks of these employees if they work in "sound" areas. This is part of an effort to determine incipient sound damage at an early stage and provide an opportunity to transfer people to other jobs before serious hearing loss results.
- Including audiometric examinations as part of periodic physical recheck examinations for other employees.
- Development of job placement and transfer procedures to care for cases needing transfers to less noisy areas.
- A sound survey of all plants and locations of the company.
- Appointment of noise-abatement committees at all company locations.
- A continuing study of protective hearing equipment for employees.
- Supplying all available acoustical and medical data to cooperating research agencies, which include Armour Research Foundation, the University of Iowa, and others.

A UNIVERSITY COURSE

The increased interest in the problem of industrial noise caused the University of Michigan's Institute of Industrial Health to introduce a 1952 course called an "Inservice Training Course on the Acoustical Spectrum." This was given as a three-day course in February with 250 participants.

The Community Doctor Visits Industry

A program to acquaint the doctor with the daily industrial work routine of many of his patients has proved successful in Wisconsin

HOW to acquaint physicians in the community with the working environment of their patients engaged in factory operations has long been a problem of industrial medicine. Although many physical and mental ailments relate to these patients' industrial jobs, relatively few doctors are acquainted with this daily working background.

To remedy this situation, medical and hygiene groups in Wisconsin with the cooperation of various plant managements have been quietly carrying on a program of industrial health clinics for the past ten years. Sponsors of the movement are the state medical society of Wisconsin, the industrial hygiene unit of the board of health from that state, and various county medical societies.

The clinics are conducted at plants located in industrialized areas and are designed to give physicians a better appreciation of industrial practices and related medical problems. The meetings are also open to nurses and persons interested in industrial medicine. They are conducted three or four times each year.

WHAT A CLINIC PROGRAM INCLUDES

The clinics usually begin in the early afternoon, starting with a plant tour which lasts up to one and one-half hours. Following the tour, a symposium is conducted. It is preferred that this be held at the plant if facilities are available. Otherwise, the meeting takes place in the hotel or club where the evening dinner is to be served. In some cases, the dinner is served at the plant when dining arrangements are possible. Another short, scientific session follows the dinner.

Discussion topics are centered on actual industrial situations and experiences. Speakers are asked to give informal presentations relating directly to their industrial experience. The subjects are usually scientific although exceptions have been made to include topics such as legal aspects of industrial medicine and workmen's compensation laws. Examples of other recent symposium subjects are: dermatology, electric burns, toxic solvents, pneumoconiosis, hand injuries, and heart disease.

The following is a recent program of the health clinic conducted at Allis-Chalmers Manufacturing Company.

"Vision Testing in Industry and Its Importance to Management and the Worker." Speakers were Arthur K. Peterson, M.D., medical director; R. R. Donnelly and Sons Co., Chicago; and John Hitz, M.D., Milwaukee.

"Pneumoconiosis in Foundry Workers." Speakers were Lloyd E. Hamlin, M.D., medical director, and Herbert J. Weber, chief industrial hygienist, both of American Brake Shoe Company, Chicago.

"Changes in the Workmen's Compensation Law." The speaker was Harry Nelson, State Industrial Commission of Wisconsin.

"The Role of the Private Practitioner in the Industrial Health Field." The speaker was Raymond Hussey, M.D., scientific director, Council on Industrial Health of the American Medical Association.

RECENT HOSTS

The Nash Motors Company in Kenosha was the site of a clinic held in March this year. On April 2, an industrial health clinic was conducted at the United States Rubber Company in Eau Claire, Wisconsin.

In 1951 clinics were held at Allis-Chalmers, the Marathon Paper Company, the Manitowoc Shipbuilding Company and the Aluminum Goods Manufacturing Company.

WHO PAYS FOR THEM?

A small registration fee is charged the doctors, nurses and other persons attending the clinics, unless the meal is furnished by the company at whose plant the clinic is held. The fee covers the cost of the dinner and gratuities, and a small part of it (25 to 50 cents) goes toward printing tickets, etc.

The major expenses for printing, postage, publicity, promotion and honoraria are borne by the industrial hygiene unit of the Wisconsin State Board of Health, and a certain amount is allotted by the treasury of the state medical society.

AN EVALUATION OF THE CLINICS

Just what are these industrial health clinics accomplishing? How successful are they in attracting the interest of doctors in private practice?

The health clinics have been conducted each year since 1942, with an estimated average attendance of

about 300 doctors and nurses each year. Some of these have been repeat attenders, but even allowing for that group it is obvious that many professional persons in the medical field in Wisconsin are learning more about industrial medicine.

A report of the state medical society of Wisconsin concerning past clinics says: "From the viewpoint of management, the clinics have provided an opportunity to get the local physicians into the plant, which in itself seems an achievement, as few physicians take the time to visit local industries in which their patients work."

Nurses have been especially responsive to the work of the clinics and are appreciative of the chance to meet with the doctors and participate in the programs. The programs have usually included a great deal of information which is beneficial to the nurse in industry or the outside nurse who has contacts with industrial workers.

The state medical group has pointed out that the meetings not only provide an opportunity to bring physicians and industrial nurses together to discuss common problems but also offer a basis for good public relations between the medical profession and the management of the plants where the clinics are held.

The clinics also provide an opportunity for furthering a cooperative relationship between the industrial medical department and the employee's family physician—frequently cited as one of the important functions of the medical department in industry.

Some of the personnel of the clinics' sponsoring groups have voiced the opinion that the clinics have probably reached their saturation point in Wisconsin. But so far there has been enough continuing interest among physicians, nurses and management to continue the projects.

Doris M. Thompson
Division of Personnel Administration

Cancer Detection Program Continues

The results of the first pilot program for cancer detection in industry have so impressed the participating company that it plans to repeat the program this year.

Ford Instrument Company, Long Island City, New York, conducted the first and only program of this kind over a six months' period in 1950. Participating were 492 of Ford Instrument's 1,440 workers. Employees took the various examinations required during working hours in the plant's medical department. The program was offered at no expense to the workers, and specialists from the outside came to the plant to conduct the examinations. After examinations were completed, the company's medical director, Dr. Benjamin N. Berg, interviewed all employees who had participated and gave them summaries of the findings of the examinations.

Since the firm's work force is predominantly male, there were a greater number of men participating in the program. Positive findings were reported for two of the male workers who were subsequently operated on for cancer and are now back at their jobs. Nearly one half of all persons examined were referred to their private physicians for some type of remedial work. Referrals increased with advancing age and pertained, principally, to chronic ailments. An employee having no family doctor was urged to select one.

An interesting feature is the cooperation which was exhibited between the plant's medical department and the workers' private physicians. As a follow-up of the pilot program, the Ford Instrument medical department sent detailed reports of findings to employees' doctors. These reports were followed one month later by letters to the doctors asking whether remedial action had been taken. Of the 240 physicians contacted, 219 replied to the follow-up questionnaire which the company sent out.

Participating in the program were 185 male workers and twenty-two females under thirty-five years of age. From age thirty-five to forty-four, there were ninety-three males and six females, and from forty-five to fifty-four there were 125 males and six females. The remainder were fifty-five years of age and over. Nearly 60% of those examined were over thirty-five years of age and more than 70% in that group required remedial treatment.

The program was supported in part by a grant from the Queens County Committee of the American Cancer Society. It was preceded by an educational campaign among the workers consisting of promotional material and the showing of cancer films. Almost a year was devoted to preparation for the program. A cancer film was shown to the company's supervisors' club as well as to members of the union local.

Average cost per examination per employee was $15.45 and average time from the job for the complete examination was 1.9 hours per employee.

Although busy with defense work, Ford Instrument expects to make this cancer detection program a continuing practice. The next project will begin sometime this year and the expense will be born entirely by the company.

Rieve Wins in Textile Workers' Convention

THE CONVENTION of the CIO Textile Workers Union held in Cleveland the week of April 28-May 2 brought to a climax the two-year dispute between Emil Rieve, president of the union, and George Baldanzi, executive vice-president. Mr. Rieve defeated Mr. Baldanzi, for the top position, by a vote of 1,223 to 720. Mariano S. Bishop won the executive vice-presidency, an office held by Mr. Baldanzi since 1939. Mr. Bishop defeated the Baldanzi-backed candidate, Joseph L. Hueter of Philadelphia, 1,248 to 698.

Prior to the convention, the executive board (the union's governing body), made up of the officers of the union, was split seventeen for Mr. Rieve to five for Mr. Baldanzi. As a result of the convention, the Rieve men made a clean sweep of every office in the national union. They won all positions.

The Baldanzi group charged that the Rieve administration had packed the convention. They said that the credentials committee only divulged the number of delegates accredited to each state and gave the convention no other information. They asked that the committee give the names of the delegates and the local unions they represented, charging that if this was not done, there was no way of telling who was and who was not a legal delegate. This demand was overridden by a three-to-one standing vote of the convention.

However, despite the two-to-one defeat of the Baldanzi forces and their loss of all offices, that group still retains considerable power. The voting indicated that they are strong in the South, in Canada, in Philadelphia and other parts of Pennsylvania. They also show strength in certain sections of the carpet industry. The question that remains is whether the civil war that has plagued employer negotiations with the TWUA will continue. Much here depends on whether the Baldanzi forces will use their points of strength to build up a roster of pledged delegates for the 1954 convention, or whether the Rieve administration will all but wipe out the Baldanzi group in the next two years.

An aid to the Rieve administration in wiping out the sizable block of Baldanzi supporters, according to some observers at the convention, will be two new constitutional amendments passed by the convention. The first of these says:

> "State and regional directors appointed by the general president subject to the disapproval of the executive council shall also be subject to the disapproval of the local unions and joint boards within the jurisdiction of said director voting through their delegates at a meeting called for that purpose within six months after their appointment (in the case of directors in office more than six months at the adoption of this provision, within six months of the adoption of this provision) and every two years thereafter."

The Baldanzi group proposed election of state and regional directors. They said the above amendment in effect permits Emil Rieve to appoint his own men in Baldanzi strongholds and then give his appointees six months in which to build their machines.

The second constitutional amendment provides:

> "No funds of the international union or any of its local unions, joint boards or subordinate organizations shall be loaned, given or expended to promote, support, endorse, assist or oppose directly or indirectly the candidacy of a member seeking or retaining office in the international union or any of its local unions, joint boards or subordinate organizations."

In the hot debate that raged over this amendment, the Baldanzi forces charged that it would in effect deny their group funds while at the same time the Rieve administration could build up unimpeded its political machine. To finance their convention fight, the local unions and joint boards supporting Baldanzi put up approximately $53,000 to establish the Preconvention Committee for a Democratic Textile Workers Union. This committee was the focal point for the opposition to the Rieve administration. The new amendment, it charged, is aimed at prohibiting the collection of any funds that would finance an opposition to the Rieve administration.

In the caucuses that followed their election defeat some of the Baldanzi supporters called for secession. Especially strong sentiment along this line was voiced by some Canadian locals. Others spoke of a possible tie-up with the AFL United Textile Workers. George Baldanzi, however, wished the new officers "every success," and did not lend support to the secession movement.

Thirty-five-Hour Week Asked

Most of the other business of the convention was sandwiched in between the hot debates raging between the two factions. Highlights of the resolutions passed are:

- The union called upon Congress to establish a thirty-five-hour week without a pay cut to ease unem-

ployment for an estimated 150,000 workers, and partial unemployment for some 300,000 more workers.

• The union called for an end to state and local tax exemption granted to private business for the purpose of getting them to relocate. It also hit at plants built for private business by state and local governments through tax-exempt bonds. It asked Congress to eliminate from the federal tax law the exemptions now granted local and state bonds where they are used for such purposes.

• On the wage stabilization front, the convention called for automatic approval of annual improvement factors and acceptance by the board of "disputes directly or indirectly affecting the defense effort." The Textile Workers Union resolution on wage stabilization calls for the following:

"1. Negotiated annual improvement factors shall be permitted without approval.

"2. Wages of less than $1.25 per hour shall be deemed substandard and are therefore to be permitted to move up to that level without approval.

"3. The procedures of the board and its agencies shall be streamlined so as to eliminate unnecessary requirements for information and minimize delay in acting on petitions. The principle of tripartite representation on the WSB must be preserved. Full authority shall be delegated to regional boards as a means of expediting cases and wiping out the excessive backlog of over 15,000 cases.

"4. National standards shall be established for fringe benefits, and adjustments up to the standard shall be permitted without approval."

JAMES J. BAMBRICK, JR.
Division of Personnel Administration

Trends in LABOR RELATIONS

Chrysler Adopts Area-wide Seniority

The Chrysler Corporation and the UAW-CIO have adopted an area-wide seniority plan which went into effect May 1. First auto manufacturer to adopt such a plan—for layoff purposes only—was the Ford Motor Company. As of March 5, 1951, it established two area-wide seniority units: one for the huge River Rouge plants; another for all Detroit area plants.[1]

The Chrysler area-wide seniority pool covers fourteen plants. Any employee with seniority who is laid off from one of these fourteen plants may apply for work in any of the other plants. The applicant's name will be put in a central file. And any plant seeking to fill a vacancy in its hourly rated jobs will give preference to these applicants. If more than one employee from the area seniority pool appears qualified, the Chrysler-UAW agreement provides that "the employee with the greatest seniority shall be selected for referral to the plant at which the opening exists."

The pact further provides that the particular plant may ask for more referrals than it has openings for. An applicant referred to another plant who refuses the job offered will have his name removed from the central file. However, exceptions are permitted in certain cases. If the referred applicant is turned down by the plant, his name remains in the central file for future referrals.

An employee referred to a plant other than his home plant, according to the agreement, will be considered as a temporary employee in the new plant. "Such employee may exercise his home-plant seniority for purposes of layoff against other temporary employees in his seniority unit, and against new employees hired into his seniority unit subsequent to May 1, 1952, in accordance with the seniority provisions at the new plant. However, if at any time during the first thirty days of employment it is determined that he will not be able to satisfactorily perform the work to which he is assigned, he may be laid off. The union shall not represent an employee laid off for such reason."

Vacation and holiday pay for the transferred employee are based on total seniority in the old and new plants.

An employee recalled to work at his home plant loses all job rights at the new plant once he leaves it. But should the employee be laid off from the temporary job, his name again goes into the central file.

Both the UAW and Chrysler recognize that the administrative problems involved in area-wide seniority may keep the company from operating in perfect conformity with the projected plan. Grievances are allowed over violations of the plan. But the company, under the agreement, is not held liable for failing to comply with any of the terms of the pact.

NLRB Rules on T-H Amendment

In its first case dealing with the new 1951 amendment to the Taft-Hartley Act, the NLRB refused to give its approval to a union shop contract signed

[1] For a description of the Ford-UAW area-wide seniority arrangement, see the March, 1951, *Management Record*, p. 106.

by a union whose officials have not signed the noncommunist affidavit. The 1951 amendment to the Taft-Hartley Act abolished the requirement for a union-shop authorization election but still calls for compliance with the filing requirements of the act before a union can sign a union shop contract.[1]

The union affected by the NLRB's decision was Local 135 of the United Construction Workers of America, affiliated with the United Mine Workers of America. UMW President John L. Lewis has refused to sign the noncommunist affidavit. The board said that this union "is not now and never has been in compliance with the filing requirements" of the act. As a result, the board ruled unanimously that the union-shop contract which Local 135 has with the Mellin-Quincy Manufacturing Company, Inc., of Whitefield, New Hampshire, cannot bar a representation election among the company's production employees.

The election was requested by the International Brotherhood of Pulp, Sulphite and Paper Mill Workers (AFL), and the board ordered it held within thirty days. Employees will vote whether or not they wish to be represented by the AFL union for collective bargaining purposes. John L. Lewis' UMW will not appear on the ballot.

All Officers Must Sign, Says NLRB

Revocation of the union's certification was the NLRB's answer to the question "What happens if not all of a union's officers file noncommunist affidavits?" In the first action of its kind, the NLRB had found that certain persons who were officers of Local 1150 of the United Electrical Workers (UE) failed to file noncommunist affidavits.

The UE was certified at the Sunbeam Corporation's Chicago plant after it had won an election requested by the employer. Later, however, the UE charged that the Sunbeam Corporation had illegally refused to bargain with the union after its certification. The NLRB ordered the company to bargain. But on October 24, 1951, the NLRB found that UE Local 1150 had never been in compliance with the Taft-Hartley Act, because certain of its officers had not filed the noncommunist affidavits.

These officers were the local union's three trustees and its sergeant-at-arms. The union had not mentioned them in its affidavit listing all its officers, as required by board rules.

The board then issued a notice to the union to show cause why the bargaining order and certification should not be revoked. Both the employer and the union filed responses.

In voiding the bargaining order against the employer and in revoking the UE's certification the board said:

> "Under now well established board principles, neither the UE [national office] nor its Local 1150 would have been placed on the ballot in the election, nor would either have been certified, had the board known at that time that Local 1150 was not in compliance with the filing requirements of the act. It would be inconsistent both with the basic considerations which impelled the establishment of that principle, and with the spirit of Section 9 (h) itself, as indicated in the legislative history of the 1947 amendments to the act, to hold that a certification inherently defective at the outset could confer on the union the right of later recourse to the board, or, conversely, expose the employer to an unfair labor practice finding for refusing to honor that certification.
>
> "Indeed, in view of the facts as now established, the [employer's] position throughout appears to have been comparable to that which a majority of the board has heretofore indicated would be a proper defense to a charge of unlawful refusal to bargain. . . . The employer now having been shown to have been right from the beginning, the same factors which lead to our conclusion to set aside the 8 (a) (5) finding and order require that the two-year old certification be vacated."

Christmas Bonus in Contract

A 2% Christmas bonus is included in the union contract of Dahlstrom Metallic Door Company with the United Electrical Workers (ind.). The Christmas bonus clause reads:

> "Each employee covered by this agreement who is on the payroll on December 21, 1951, shall receive a Christmas bonus equal to 4% of wages paid to such employee between January 1 and June 15, 1951, inclusive.
>
> "Each employee covered by this agreement who is on the payroll December 19, 1952, shall receive on December 19, 1952, a Christmas bonus equal to 2% of wages paid to such employee between January 1 and December 13, 1952, inclusive."

In Brief

If worst comes to worst and labor is conscripted by the Federal Government, employees who are conscripted will continue to accumulate seniority during their absence, according to Northern States Power Company's contract with the AFL Electrical Workers.

* * *

Labor and management are cooperating at General Aniline and Film Corporation to help out the Red Cross blood donor program. The company's contract with the AFL Plumbers Union gives time off with pay for blood donations.

James J. Bambrick, Jr.
Division of Personnel Administration

[1] For details of how the amendment of October, 1951, affects the Taft-Hartley Act, see "Union Shop—Legal and Illegal," September, 1951, *Management Record*, p. 315.

Briefs on

PENSIONS AND OTHER BENEFITS

Toward an Industry-wide Pension Fund

The International Ladies' Garment Workers' Union, AFL, has taken action looking toward the integration of the pension funds set up in the various trade groups in the women's clothing industry. These funds have been created not only on the basis of trades, but also on a local basis. There is considerable movement of union members among the various trades, so that many are unable to accumulate sufficient service under a particular fund to become eligible for adequate pension benefits.

To meet this problem, the ILGWU is establishing a central reciprocal retirement fund. As stated by David Dubinsky, president of the union, by taking this step "we are preserving the mobility of the garment workers in an industry that has scores of trades, dozens of markets, and thousands of firms."

The various employer groups may consolidate their pension funds with the central fund by paying 1% of their funds' income into it. The two largest units, the New York Cloak Joint Board and the New York Dress Joint Board, have been the first to join the central fund.

About 75% of the union's 423,000 members are covered by one or another of these pension funds. Employer contributions to the funds range between 1% to 3% of payroll.

How Many Will Receive Company Pensions?

The New York State Department of Labor provides a somewhat startling answer to this question. In its analysis of the United States Census Bureau figures, it finds that only about half of the country's male workers who are sixty years of age have been with their present employer as long as ten years. The remaining half of the workers, therefore, cannot count on receiving a company pension because they will be unable to fulfil the minimum service requirement of fifteen years, which is a common provision of union-negotiated plans. Considerably fewer than 50% of workers in the forty-five to fifty-four age bracket can look forward to receiving a company pension under a plan which requires twenty-five years' service to receive the full $100 a month pension. On an average, men in this age group had been with their present employer only 7.6 years in January, 1951. And the younger the age group, the shorter the time workers have been on their current jobs.

The percentage of women who will be eligible for pensions is an even smaller one. In every age category, women's average length of service is less than that of men.

Job duration varies considerably with the particular industry. Half of all workers in transportation and public utilities had been with the same company over five years as of January, 1951; government workers, 3.9 years; manufacturing workers, 3.6 years; and wholesale and retail trade employees, 2.0 years.

Program for Retired Employees

One function of the Goodyear Tire and Rubber Company's pension department is to act as a link between the company and its retired employees, who now number nearly a thousand. The department suggested the formation of a Pioneers' Club for retired employees and invited the group to use the company's community rooms for its activities. It has also helped the club plan its Christmas party and has entertained the pensioners at a picnic.

Membership in the Pioneers' Club is now nearly one hundred, with attendance at meetings averaging about half that number, even in bad weather.

New Booklet on Stock Purchase Plan

In connection with its most recent employee stock purchase offering, the Westinghouse Electric Corporation has prepared a new booklet, "Facts and Figures on the Westinghouse Employee Stock Plan." Copies will be distributed to employees by their supervisors. This is in addition to the prospectus and application form mailed to the employee's home.

Reason for the new booklet, according to a foreword by President Gwilym A. Price, is that the company does not want any employee "to pass up the opportunity of participating simply because he does not understand the plan."

More on the Cost of Benefits

The employee magazine of H. P. Hood and Sons presents its readers with an itemized statement of the company's 1951 contributions to employee benefit funds. In the article and in a half-page illustration these nonwage payments are compared to the behind-the-scenes "stars" who contribute so much to the suc-

cess of the star on the stage. The company says that the following are some of its contributions:

Benefit	*Amount Contributed*
Profit sharing, savings and retirement plan	$425,000
Disability plan	235,000
Death benefit	20,000
Holiday pay	336,000
Vacation pay	699,000
Educational refund plan	2,500
1% premium interest on company securities	23,000
Discounts	70,000
Payments for illness and personal absence	112,000

The article points out that each employee's share of the grand total amounted to about 23 cents an hour, or $8.10 per week.

Lincoln Incentive Plan Wins in Court

The Lincoln Electric Company's 1941 contributions of $575,206 to its retirement fund and $1 million to its profit-sharing trust have finally been declared reasonable amounts, and ordinary and necessary business expenses, deductible for income tax purposes. The decision handed down on March 26, 1952, by the United States Tax Court marks the end of ten years of litigation in the case of The Lincoln Electric Company *vs.* Commissioner of Internal Revenue (17 T.C. No. 198).

The court's opinion stated:

"The record clearly establishes that petitioner's incentive system materially contributed to increased production, enhanced earnings, reduced selling prices, avoided labor strife and work stoppages, and developed and retained a cooperative, loyal, efficient and satisfied force of employees."

SSB Pension and Deferred Profit Sharing Ruling

The Salary Stabilization Board, in General Salary Stabilization Regulation No. 6, dated April 8, defines the conditions under which pension, deferred profit-sharing or stock-bonus plans may be put into effect without prior approval of the board.

Pension Trusts and Annuity Plans

The pension plan must meet with the following conditions:

(a) If a trust is used, it must qualify under Section 165 (a) of the Internal Revenue Code.

(b) The employer's contributions to the plan must not exceed the amounts authorized as a deduction under Section 23 (p) of the Internal Revenue Code.

(c) Payments, or distribution of benefits contributed by the employer, may not be made to the employee, or loans based on these benefits may not be made to any participating employee or his beneficiary except in the event of death, total and permanent disability, retirement in accordance with the terms of the plan, or ten years after the date of the employer's first contribution for the employee.

Profit-Sharing and Stock-Bonus Plans

The conditions under which the deferred profit-sharing or stock-bonus trusts may be installed without prior approval are:

(a) The trust is qualified under Section 165 (a) of the IRC.

(b) The annual contributions of the employer do not exceed the maximum allowed under Section 23 (p).

(c) Payments may be made to employees or their beneficiaries only in the event of death, permanent and total disability, or ten years after the first employer's contribution for the employee.

If the plan covers employees subject to both the Salary and Wage Stabilization Boards, and it meets the requirements of the Wage Stabilization Board, approval by the SSB is not necessary.

The employer is not required to deduct his contributions to pension, deferred profit-sharing or stock bonus plans from the 10% increase allowed. Plans in effect on January 25, 1951 may be continued without prior approval of SSB.

Benefit Facts

Add Trans World Airlines to the list of companies which have increased their insurance benefits. Effective April 1, 1952, the new benefits are:

1. Hospitalization—For employees and family members, $8 per day if the hospital charges $8 or less. If more than $8, the actual cost is paid up to $10. The old benefit was a flat $8 per day.
2. Surgical—General increase of surgical schedule to a $250 maximum. The old maximum was $210.
3. Accidental loss of life, limbs or sight—Insurance ranging from $1,500 to $4,000, depending on the salary bracket, will now be paid even though the accident is a result of war or acts of war. Such accidents were formerly not covered.

90.5% of those eligible for the plan were members as of February 1, 1952.

* * *

A Du Pont employee who retired on April 1, 1952, became the 6,500th pensioner of that company. The Du Pont pension plan was inaugurated in 1904.

* * *

Under a new amendment to the Stromberg-Carlson retirement plan, an employee who leaves the company

at age forty-five or older, with twenty years' service, is entitled to full vesting—to have the whole sum of his own and the company's contributions used to purchase an annuity for himself.

* * *

The Mead Corporation announces that for the fifth straight year the company has been able to pay 10% of members' earnings into their profit-sharing accounts. This is the maximum under the plan. The profit sharing contribution is in addition to the regular contributions made by company and employees to the retirement plan.

LOIS E. FORDE
Division of Personnel Administration

Labor Press Highlights

UNIONS TALK INCOME-OUTGO

MEMBERS of various unions were reading financial statements in their labor papers last month. A couple of the statements were tinged with red ink. More of them were in the black. The *Trainmen News* (Brotherhood of Railroad Trainmen, ind.) reported the greatest assets of any union: Total assets equaled $57,626,786.54 as of December 31, 1951. But $54,042,380.62 of that amount was in the union's insurance department.

The Amalgamated Clothing Workers, CIO, in *The Advance,* reports a net worth of $7,623,326.53 as of the end of last year. Total income for the year amounted to $3,722,029.32, with $3 million coming from dues. Largest Clothing Workers' expenditure was for organizing activities: salaries and expenses of organizers amounted to more than $1.5 million.

Net worth of the International Association of Machinists, AFL, was $9,339,694.29 for the period ending December 31, 1951, reports the *Machinists' Monthly Journal.* Total income last year amounted to $8,186,554.81.

The United Packinghouse Workers, CIO, had total revenues of $1,359,521.90 last year, reports the *Packinghouse Worker.* Per capita tax accounted for $1,314,758.07 of that amount. The Packinghouse Workers union has a net worth of $303,763.44, according to its financial statement.

Two AFL paper unions also issued reports to the membership. The Pulp, Sulphite and Paper Mill Workers union, the larger of the two (141,575 members), showed a net worth of $2,951,750.87 at the end of the year. According to the statement in the union's *Journal,* total receipts amounted to $1,599,910.99, with dues accounting for over $1.5 million of the total. The International Brotherhood of Paper Makers had total resources of $1,627,452.84 at the close of the year. Its 65,000 members paid per capita taxes amounting to $902,361.19. This, together with other income, gave the Paper Makers union total receipts of $1,025,422.87 for the year 1951, reports the *Paper Makers Journal.* According to the union's computations, expenses per member have been rising steadily: in 1947 the union's expense per member was $11.89; in 1951 the figure was $14.55. In view of this, the *Paper Maker* reports that the recent convention approved a 25 cents rise in the per capita tax. The increase, which would bring this tax to $1.50 per member, must be approved by referendum before it goes into effect.

Rising expenses put the CIO Textile Workers[1] in the red last year, reports *Textile Labor.* For the first time in thirteen years, outgo topped income—by $426,422. The loss was attributed in part to "numerous and expensive strikes and reduced dues collections resulting from unemployment." Strike relief last year, according to *Textile Labor,* took $1,768,626.18, the highest amount in the union's history. Organizing and servicing locals was the largest expenditure: $7,106,866.08. The union's total cash receipts last year amounted to $6,563,297.50. Net resources of the Textile Workers as of December 31, 1951, were $3,385,999.14.

Argue For and Against St. Lawrence Seaway

The CIO again went to bat for the St. Lawrence Seaway in the person of Maritime Union President Joseph Curran, reports *The CIO News.* Mr. Curran told the Senate Foreign Relations Committee that more jobs, lower prices, and higher living standards would follow the development of the seaway project.

A strong dissent to general CIO support of the seaway comes from the CIO Utility Workers. The *Light Edition* of *The CIO News* reports the UWU opposes the seaway project because: "(1) It will hurt our country and (2) We know it will hurt the employees in the light and power industry." UWU says the transmission, distribution and sale of power generated by any such project should be in the hands of private utility companies, under proper regulations. The union explains that "the adoption of this power policy has been motivated by our harmful experience with federal, state, municipal, valley and cooperative agencies. Our union has seen its election, bargaining, strike, and con-

[1] For an account of the CIO Textile Workers convention, see p. 188.

tract rights and benefits taken away and nullified by each and every one of these governmental agencies. We know the St. Lawrence Seaway project will result in inferior working conditions and wages to those guaranteed by our contracts with many light and power companies throughout the country."

An AFL union, the Brotherhood of Maintenance of Way Employees is also against the seaway. It sees no reason to "embark upon a ditch digging crusade that has been condemned time and again." The union's *Journal* editorially says the seaway is designed "to satisfy the desire of public power bureaucrats and those thriving on subsidized transportation."

New York Bills Seen "Crippling" Union Political Action

Three bills introduced in the New York legislature were stamped by the AFL as efforts to reduce unions' political activity. As described by the *AFL News-Reporter*, the bills would rule out:

- Union contributions to political campaigns
- Voluntary political contributions solicited by union leaders
- Special dues or assessments for political purposes unless approved by special meetings called thirty days in advance

The New York bills are more restrictive than the Taft-Hartley law, according to the AFL, because the federal law allows union contributions to the state and local campaigns, permits voluntary contributions, and does not require membership approval of special political assessments. The New York bill ruling out voluntary contributions, says the AFL, is aimed at Labor's League for Political Education.

Trade Union Courier Cited by FTC

A privately owned publication, the *Trade Union Courier*, has been accused by the Federal Trade Commission of falsely representing that it is endorsed by the AFL and two thousand AFL locals, reports the *AFL News-Reporter*. The FTC also charged the *Courier* with publishing unauthorized advertisements and then harassing and intimidating concerns for payment. The AFL states it has repeatedly disavowed and denounced the *Trade Union Courier* for various claims and fund raising campaigns it has made in the name of the AFL.

TV and Radio Unions Merge

Television Authority, an AFL unit of TV performers, will merge with the AFL's American Federation of Radio Artists on July 1 of this year, reports the *AFL News-Reporter*. The new unit, to be called the American Federation of Radio and Television Artists, is a wing of the AFL's Associated Actors and Artists of America.

Stevenson, Warren Head Labor's List

Governor Adlai Stevenson of Illinois would be the Democratic candidate to draw most of labor's vote, reports *The Machinist*. Governor Earl Warren of California would be the Republican nominee with most appeal to labor. These are the results of a second poll made by *The Machinist* among 150 union leaders. According to *The Machinist*, Senator Kefauver ran a strong second to Stevenson among Democratic possibilities. Among Republican possibilities, Warren got seventy-seven per cent of the vote, Eisenhower got fifteen per cent. Stassen, Taft, and MacArthur each got one vote. In an earlier poll, Senator Douglas headed the Democratic list, and among Republicans, neither Stassen nor Taft had received any votes at all.

Reuther Again Emphasizes Guaranteed Annual Wage

Approximately two thousand delegates to the UAW-CIO's fifth annual education conference heard Walter Reuther again place the guaranteed annual wage at the head of UAW's future goals, reports the *United Automobile Worker*. "Maybe," said Mr. Reuther, "we shouldn't call it a guaranteed annual wage, because what we are after is guaranteed annual employment." But, Mr. Reuther added, that the "surest way" to steady employment is to go after the annual wage guarantee.

Ouster of Local 600 Heads OK'd

The UAW executive board action in ousting the top leaders of Ford Local 600 has been endorsed by forty-eight of forty-nine presidents of UAW Ford locals, reports the *United Automobile Worker*. The Ford local presidents state that "ill-timed and ill-advised programs of Ford Local 600 leaders have been rejected time after time by unanimous vote of the Ford council. . . . Their obvious purpose has been to split Ford Rouge workers away from other Ford workers." The local presidents assert that the splitting effort was inspired and carried on by the Communist party or its agents and followers.[1]

Textile Union Gets Carpet Contract Cancellations

The CIO Textile Workers were readying a wage increase demand upon the carpet industry, reports *Textile Labor*, when the big three "jumped the gun" and canceled the contracts effective midnight, June 1. Affected are 12,000 textile workers employed by Bigelow-Sanford, Alexander Smith, and A. M. Karagheusian. A wage conference of the Textile Workers carpet unit had agreed to ask for a 15-cent wage increase, an escalator clause, and industry-wide contract termination dates.

CIO Readies TV Film Series

A series of thirteen films on "Issues of the Day" is now being shown on television under national CIO sponsorship, reports *The CIO News*. The fifteen-minute films, prepared for television by the CIO and its political action committee, are designed to show labor's attitude toward such current issues as wages, prices, unemployment, health, social security, housing, and civil rights. The premiere, in Washington, D.C., dealt with unemployment caused by defense mobilization, reports *The CIO News*.

Harold Stieglitz
Division of Personnel Administration

[1]For background of the UAW-CIO ouster, see "UAW-CIO Takes Over Local 600," *Management Record*, April, p. 138.

Significant Labor Statistics

Item	Unit	1952 Mar.	1952 Feb.	1952 Jan.	1951 Dec.	1951 Nov.	1951 Oct.	1951 Sept.	Year Ago	Percentage Change: Latest Month over Previous Month	Percentage Change: Latest Month over Year Ago
Consumers' Price Index [1]											
All items	Jan. 1939=100	178.2	r 177.7	r 180.3	r 180.2	179.7	r 177.6	177.1	174.2	+0.3	+2.3
Food	Jan. 1939=100	h 234.4	f 233.8	240.2	d 239.5	c 239.8	235.0	b 233.5	229.0	+0.3	+2.4
Housing	Jan. 1939=100	124.4	124.4	r 124.4	124.0	123.8	122.7	122.3	118.3	0	+5.2
Clothing	Jan. 1939=100	152.4	152.8	r 153.7	154.6	155.1	156.3	156.6	154.8	−0.3	−1.6
Men's	Jan. 1939=100	169.6	r 170.4	r 171.2	172.7	173.2	175.0	174.9	171.6	−0.5	−1.2
Women's	Jan. 1939=100	137.9	137.9	138.8	139.2	139.8	140.6	141.0	140.5	0	−1.9
Fuels	Jan. 1939=100	135.9	r 135.8	r 135.9	r 135.8	r 135.5	r 135.1	r 134.8	134.7	+0.1	+0.9
Electricity	Jan. 1939=100	91.1	r 91.1	r 91.2	r 91.0	90.8	90.9	90.9	90.9	0	+0.2
Gas	Jan. 1939=100	102.6	r 102.0	r 102.0	r 102.0	r 102.0	r 101.7	r 101.7	101.0	+0.6	+1.6
Housefurnishings	Jan. 1939=100	168.0	r 168.7	r 169.1	170.6	170.3	169.8	170.9	172.8	−0.4	−2.8
Sundries	Jan. 1939=100	168.1	r 166.9	r 168.1	r 168.5	r 166.5	r 164.9	r 165.1	r 163.2	+0.7	+3.0
Purchasing value of the dollar	Jan. 1939 dollars	56.1	56.3	55.5	55.5	55.6	56.3	56.5	57.4	−0.4	−2.3
All items (*BLS*)	1935-1939=100	a 188.4	a 188.3	a 190.2	a 190.0	a 189.3	a 187.8	a 186.5	a 184.5	+0.1	+2.1
Employment Status [2]											
Civilian labor force	thousands	61,518	61,838	61,780	62,688	63,164	63,452	63,186	62,325	−0.5	−1.3
Employed	thousands	59,714	59,752	59,726	61,014	61,336	61,836	61,580	60,179	−0.1	−0.8
Agriculture	thousands	6,012	6,064	6,186	6,378	7,022	7,668	7,526	6,393	−0.9	−6.0
Nonagricultural industries	thousands	53,702	53,688	53,540	54,636	54,314	54,168	54,054	53,785	g	−0.2
Unemployed	thousands	1,804	2,086	2,054	1,674	1,828	1,616	1,606	2,147	−13.5	−16.0
Wage Earners [3]											
Employees in nonagricultural establishm'ts	thousands	p 45,873	r 45,877	45,903	47,592	46,852	46,902	46,956	45,850	g	+0.1
Manufacturing	thousands	p 15,784	r 15,836	15,776	15,912	15,890	15,965	16,039	16,022	−0.3	−1.5
Mining	thousands	p 907	r 908	909	915	917	917	917	924	−0.1	−1.8
Construction	thousands	p 2,289	r 2,304	2,316	2,524	2,633	2,761	2,768	2,326	−0.7	−1.6
Transportation and public utilities	thousands	p 4,108	r 4,110	4,109	4,151	4,165	4,166	4,178	4,112	g	−0.1
Trade	thousands	p 9,647	r 9,643	9,706	10,646	10,109	9,893	9,781	9,713	g	−0.7
Finance	thousands	p 1,930	1,919	1,906	1,911	1,907	1,898	1,898	1,854	+0.6	+4.1
Service	thousands	p 4,680	4,667	4,672	4,702	4,734	4,770	4,831	4,682	+0.3	g
Government	thousands	p 6,528	6,490	6,509	6,831	6,497	6,532	6,544	6,217	+0.6	+5.0
Production and related workers in manuf'g											
Employment											
All manufacturing	thousands	p 12,754	r 12,807	12,775	12,911	12,904	12,997	13,087	13,189	−0.4	−3.3
Durable	thousands	p 7,259	r 7,292	7,269	7,325	7,314	7,296	7,279	7,428	−0.5	−2.3
Nondurable	thousands	p 5,495	r 5,515	5,506	5,586	5,590	5,701	5,808	5,761	−0.4	−4.6
Average weekly hours											
All manufacturing	number	p 40.7	40.8	40.9	41.2	40.5	40.5	40.6	41.1	−0.2	−1.0
Durable	number	p 41.6	41.8	41.9	42.2	41.5	41.7	41.6	41.9	−0.5	−0.7
Nondurable	number	p 39.4	39.5	r 39.6	39.9	39.2	38.9	39.4	40.0	−0.3	−1.5
Average hourly earnings											
All manufacturing	dollars	p 1.651	r 1.643	r 1.639	1.636	1.626	1.615	1.613	1.571	+0.5	+5.1
Durable	dollars	p 1.740	r 1.729	1.725	1.723	1.712	1.705	1.707	1.654	+0.6	+5.2
Nondurable	dollars	p 1.528	r 1.522	1.520	r 1.515	1.507	1.491	1.489	1.460	+0.4	+4.7
Average weekly earnings											
All manufacturing	dollars	p 67.20	r 67.03	r 67.04	67.40	65.85	65.41	65.49	64.57	+0.3	+4.1
Durable	dollars	p 72.38	r 72.27	72.28	72.71	71.05	71.10	71.01	69.30	+0.2	+4.4
Nondurable	dollars	p 60.20	r 60.12	r 60.19	r 60.45	59.07	58.00	58.67	58.40	+0.1	+3.1
Straight time hourly earnings											
All manufacturing	dollars	e 1.598	r 1.583	r 1.577	1.571	1.569	1.557	1.554	1.511	+0.9	+5.8
Durable	dollars	e 1.670	r 1.656	1.650	1.644	1.644	1.635	1.638	1.582	+0.8	+5.6
Nondurable	dollars	e 1.494	r 1.479	r 1.476	r 1.468	1.465	1.450	1.444	1.415	+1.0	+5.6
Turnover rates in manufacturing [3]											
Separations	per 100 employees	p 3.6	3.9	4.0	3.5	4.3	4.7	5.1	4.1	−7.7	−12.2
Quits	per 100 employees	p 2.0	1.9	1.9	1.4	1.9	2.5	3.1	2.5	+5.3	−20.0
Discharges	per 100 employees	p 0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0	0
Layoffs	per 100 employees	p 1.0	1.3	1.4	1.5	1.7	1.4	1.3	0.8	−23.1	+25.0
Accessions	per 100 employees	p 4.0	3.9	4.4	3.0	3.9	4.4	4.3	4.6	−2.6	−13.0

[1] National Industrial Conference Board
[2] Bureau of the Census
[3] Bureau of Labor Statistics

a Adjusted indexes: Sept., 186.6; Oct., 187.4; Nov., 188.6; Dec., 189.1; Jan., 189.1; Feb., 187.9; Mar., 188.0; Year ago, 184.5
b Based on food prices for Sept. 17, 1951
c Based on food prices for Nov. 14, 1951
d Based on food prices for Dec. 12, 1951
e Estimated
f Based on food prices for Feb. 13, 1952
g Less than 0.05
h Based on food prices for Mar. 12, 1952
p Preliminary
r Revised

Review of Labor Statistics

RETAIL PRICES resumed their upward climb in March with an 0.3% increase. However, the February to March rise fell far short of the decline of the preceding month. The March all-items index of 178.2 (January, 1939=100) was 1.2% below the January, 1952, figure, but 2.3% above the year-ago level.

The first three months of 1952 have seen a net decline of 1.1% in THE CONFERENCE BOARD's index from the December figure. Food prices are 2.1% under their December level while sundries are 0.2% lower. Housefurnishings and apparel prices have been declining steadily during this period, and housing and fuel costs have advanced only 0.3% and 0.1% respectively.

The sundries component showed the largest increase (0.7%) from February to March. Higher prices for newspapers, magazines and gasoline contributed to the rise. Gasoline moved up sharply in a number of cities as the price wars which have been raging for several months were halted. The flow of gasoline from refineries is running ahead of last year, with gasoline supplies high as the spring motoring season approaches.

Food prices advanced 0.3% over the month. Small 1951 crops of onions and sweet potatoes sent prices of these items soaring. Last year's onion crop was 14% smaller than the previous year's, and the sweet potato harvest was the smallest since 1881. Lettuce, green beans, spinach, white potatoes, cornmeal and pork chops were also higher.

Families found some items in their food budgets considerably cheaper, however. Butter prices sagged as heavier production and consumer resistance combined to bring about the sharpest decline in wholesale butter prices in four years. Lard, margarine and vegetable shortenings were also much cheaper. Carrots and cabbage dipped sharply, while round steak, ham, lamb, chicken and eggs also declined.

Supplies of ham, lamb and poultry look good for coming months. Meat men say that the spring supply of lamb should be the biggest for the season since 1949, and national output of broiling chickens in 1952 is expected to be the highest ever.

The clothing and housefurnishings indexes dipped 0.3% and 0.4% respectively during the month. Among the apparel items, men's summer-weight suits, rayon dresses, rayon panties, cotton street dresses and women's nylon hose were down. Prices of girdles again moved higher. Housefurnishings dealers reported lower price tags on tailored curtains, sheets and refrigerators. Retailers blamed "penny pinching" on the part of customers for the continued lag in sales.

In March, the value of the consumers' dollar was 56.1 cents (January, 1939, dollar=100 cents). This represented a decrease in purchasing power of 0.4% over the month and 2.3% over the year.

WORK WEEK AGAIN SHORTENED

A slightly abbreviated work week again was reported by both durable and nondurable goods manufacturers. For both groups, the average work week was 40.7 hours in mid-March compared to 40.8 in February and 41.1 in the corresponding 1951 month. Over the year, the decline amounted to 1%, or close to one-half hour a week. The shortening of the work week in the nondurable lines was more marked than in the durable category. Durable goods producers are still reporting average work weeks of more than forty hours, and the twelve-month decrease is slight.

Earnings, both on an average hourly and weekly basis, went up from February to March. Hourly earnings have been rising steadily but the increase in weekly earnings interrupted a two-month decline. Detailed figures will be found in the table, "Significant Labor Statistics," on page 195.

EMPLOYMENT STEADY

There was little change in employment from February to March, with most out-of-door jobs still hibernating. For the week ended March 8, the Census Bureau estimates civilian employment of 59.7 million —about the same as in the corresponding February week. Nonagricultural employment stood at 53.7 million in March, also the level of the previous month.

Factory jobs again dropped off slightly while trade and construction work, which normally rises at this time of year, failed to register any appreciable increase. The lateness of Easter and bad weather contributed to this lag.

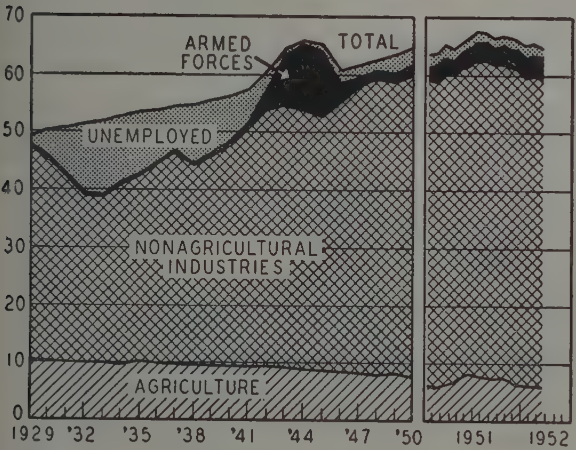
Agricultural work also was slow, with poor weather continuing to restrict farm work to chores and maintenance. Farm employment of 6.0 million was the same as February.

Unemployment was at the lowest point for any March since the end of World War II. There were 300,000 fewer jobless in March than a month earlier. But part of this decline resulted from the withdrawal of women from the labor force.

Unemployment totaled 1.8 million, or 2.9% of the civilian labor force. Year-earlier figures were 2.1 million, or 3.4%.

Availability of men has interrupted the post-Korea trend toward employing more and more women in industry. There was a reduction of 116,000 women in nonagricultural jobs between the February and March surveys. This corresponded with the addition of 130,000 men during the same period. However, over the year March, 1951, to March, 1952, the picture is still one of replacement of men by women. Against a loss of some quarter million men, there was a gain of 134,000 women in nonfarm work. On the farm, there was a year-to-year loss of close to 300,000 men, while 82,000 fewer women were employed in agricultural work this year compared with last.

Millions of Persons Fourteen Years of Age and Over in the United States



Sources: Bureau of Labor Statistics; Bureau of the Census.

BLS Breakdown of Nonfarm Employment

Department of Labor figures on nonfarm employment taken from industry payrolls are close to those of Census Bureau estimates. The number of workers in nonfarm industries in March was practically unchanged from a year ago. This was the first time in two years that the employment statistics have not shown a year-to-year gain. This is explained by the letdown in a number of consumer goods industries and the slackening in rearmament hiring.

There was practically no month-to-month change, with nonfarm employment standing at 45.9 million for the third consecutive month. Manufacturing, which accounts for about one third of the total, had 15.8 million workers in March—practically unchanged over the last six months. Trade, the next largest group, had 9.6 million employees in March, about the same as in February and somewhat lower than a year ago.

Government employment recorded another sizable gain over the month. With 6.5 million workers, the government now has 5% more workers than a year ago. Construction employment, although below February, was still within 40,000 of the all-time high for March, which occurred last year. Construction of new plant for defense production and military installations tended to offset some decline in private residential and commercial activity.

Consumers' Price Index for Fifty-four Cities, and Purchasing Value of the Dollar

Index Numbers, January, 1939=100

Date	Weighted Average of All Items	Food	Housing[1]	Clothing			Fuel[2]			House-furnishings	Sundries	Purchasing Value of the Dollar
				Total	Men's	Women's	Total	Electricity	Gas			
1952 March	174.2	229.0	118.3	154.8	171.6	140.5	134.7	90.9	101.0	172.8	163.2	57.4
April	174.6	228.7*a*	119.8	155.1	171.9	140.9	134.7	90.9	101.0	173.1	163.7	57.3
May	175.3	230.9	120.0	155.0	172.1	140.6	132.8	91.0	101.3	172.7	164.0	57.0
June	175.4	231.1*b*	119.9	154.9	172.8	139.8	133.5	90.8	101.4	173.2	164.0*r*	57.0
July	176.4*r*	232.9*c*	121.3	154.8	172.7	139.7	133.8	90.8	101.5	173.4	164.3*r*	56.7
August	176.6	232.7	122.0	155.1	173.5	139.5	134.2	90.9	101.4	172.2	165.1*r*	56.6
September	177.1	233.5*d*	122.3	156.6	174.9	141.0	134.8*r*	90.9	101.7*r*	170.9	165.1*r*	56.5
October	177.6	235.0	122.7	156.3	175.0	140.6	135.1*r*	90.9	101.7*r*	169.8	164.9*r*	56.3
November	179.7	239.8*e*	123.8	155.1	173.2	139.8	135.5*r*	90.8	102.0*r*	170.3	166.5*r*	55.6
December	180.2	239.5*f*	124.0	154.6	172.7	139.2	135.8*r*	91.0*r*	102.0*r*	170.6	168.5*r*	55.5
Annual average	176.2	232.5	120.8	155.0	172.6	140.1	134.4*r*	90.9*r*	101.4*r*	171.7	164.5	56.8
1952 January	180.3*r*	240.2	124.4*r*	153.7*r*	171.2*r*	138.8	135.9*r*	91.2*r*	102.0*r*	169.1*r*	168.1*r*	55.5
February	177.7*r*	233.8*g*	124.4	152.8	170.4*r*	137.9	135.8*r*	91.1*r*	102.0*r*	166.9*r*	166.9*r*	56.3
March	178.2	234.4*h*	124.4	152.4	169.6	137.9	135.9	91.1	102.6	168.0	168.1	56.1
Percentage Changes												
Feb. 1952 to Mar. 1952	+0.3	+0.3	0	−0.3	−0.5	0	+0.1	0	+0.6	−0.4	+0.7	−0.4
Mar. 1951 to Mar. 1952	+2.3	+2.4	+5.2	−1.6	−1.2	−1.9	+0.9	+0.2	+1.6	−2.8	+3.0	−2.3

[1] Rents surveyed quarterly for individual cities.
[2] Includes electricity and gas.
a Based on food prices for April 16, 1951.
b Based on food prices for June 14, 1951.
c Based on food prices for July 16, 1951.
d Based on food prices for Sept. 17, 1951.
e Based on food prices for Nov. 14, 1951.
f Based on food prices for Dec. 12, 1951.
g Based on food prices for Feb. 13, 1952.
h Based on food prices for Mar. 12, 1952.
r Revised.

Consumers' Price Indexes for Cities Surveyed Quarterly

NOTE: *These indexes do NOT show intercity differences in price level or standards of living. They show only changes in consumers' prices in each city, which changes may be compared with those for other cities.*

City	Index Numbers Jan., 1939=100			Percentage Changes	
	Mar. 1952	Dec. 1951	Mar. 1951	Dec. 1951 to Mar. 1952	Mar. 1951 to Mar. 1952
Atlanta					
Food	235.8	240.3r	236.1	−1.9	−0.1
Housing	113.8	113.7	112.9	+0.1	+0.8
Clothing	138.6	141.8r	143.4	−2.3	−3.3
Fuel[1]	137.5	137.5	136.1	0	+1.0
Housefurnishings	167.8	167.2r	172.4	+0.4	−2.7
Sundries	159.7	159.7r	152.7	0	+4.6
Weighted total	171.5	173.1r	169.7	−0.9	+1.1
Buffalo					
Food	252.9	258.3r	241.3	−2.1	+4.8
Housing	123.6	123.5	121.5	+0.1	+1.7
Clothing	151.6	154.0	150.6	−1.6	+0.7
Fuel[1]	159.3	161.0	158.8	−1.1	+0.3
Housefurnishings	158.2	160.4r	161.4	−1.4	−2.0
Sundries	168.6	168.1r	166.9	+0.3	+1.0
Weighted total	183.5	185.5r	179.1	−1.1	+2.5
Cleveland					
Food	237.8	239.0	232.8	−0.5	+2.1
Housing	119.7	119.6	118.2	+0.1	+1.3
Clothing	165.2	167.9r	166.5	−1.6	−0.8
Fuel[1]	142.3	142.3	141.9	0	+0.3
Housefurnishings	177.4	177.7r	182.5	−0.2	−2.8
Sundries	175.1	175.1r	163.5	0	+7.1
Weighted total	180.9	181.5r	176.1	−0.3	+2.7
Des Moines					
Food	240.6	243.7	232.1	−1.3	+3.7
Housing	118.4	118.4	118.4	0	0
Clothing	164.7	168.6	166.0	−2.3	−0.8
Fuel[1]	157.5	157.5	153.1	0	+2.9
Housefurnishings	169.8	174.3	178.6	−2.6	−4.9
Sundries	158.9	160.4	155.1	−0.9	+2.5
Weighted total	175.1	177.1	171.7	−1.1	+2.0
Huntington					
Food	216.2	220.9r	216.6	−2.1	−0.2
Housing	123.1	123.1	117.4	0	+4.9
Clothing	152.6	154.8	156.5	−1.4	−2.5
Fuel[1]	113.8	113.8	113.8	0	0
Housefurnishings	148.7	151.7r	157.9	−2.0	−5.8
Sundries	169.1	168.9	166.2	+0.1	+1.7
Weighted total	171.8	173.6r	171.1	−1.0	+0.4
Kansas City					
Food	217.6	222.6	213.6	−2.2	+1.9
Housing	111.5	111.5	111.3	0	+0.2
Clothing	160.7	163.3	158.7	−1.6	+1.3
Fuel[1]	128.9	128.7r	123.1	+0.2	+4.7
Housefurnishings	153.1	155.5	158.1	−1.5	−3.2
Sundries	171.6	164.2	163.5	+4.5	+5.0
Weighted total	170.0	169.5r	165.9	+0.3	+2.5
Lansing					
Food	250.3	258.4r	248.2	−3.1	+0.8
Housing	132.6	132.6	132.6	0	0
Clothing	155.6	158.7	159.6	−2.0	−2.5
Fuel[1]	145.3	145.3r	142.2	0	+2.2
Housefurnishings	165.6	168.5	174.0	−1.7	−4.8
Sundries	176.8	178.6r	174.3	−1.0	+1.4
Weighted total	182.7	186.0r	182.1	−1.8	+0.3
Louisville					
Food	240.1	246.0	238.2	−2.4	+0.8
Housing	112.2	112.2	107.1	0	+4.8
Clothing	144.0	146.3	145.2	−1.6	−0.8
Fuel[1]	152.6	152.1r	152.6r	+0.3	0
Housefurnishings	171.0	171.2r	169.6	−0.1	+0.8
Sundries	172.0	171.8	170.8	+0.1	+0.7
Weighted total	180.8	182.9r	179.0r	−1.1	+1.0
Milwaukee					
Food	249.5	253.9r	238.4	−1.7	+4.7
Housing	170.0	170.0	167.2	0	+1.7
Clothing	162.3	166.6r	164.1	−2.6	−1.1
Fuel[1]	137.9	138.7	138.4	−0.6	−0.4
Housefurnishings	180.4	182.1	182.5	−0.9	−1.2
Sundries	172.9	172.9r	169.1	0	+2.2
Weighted total	191.6	193.6r	187.1	−1.0	+2.4
Portland					
Food	245.5	248.4r	243.5	−1.2	+0.8
Housing	141.3	134.8	134.8	+4.8	+4.8
Clothing	175.6	179.9	179.7	−2.4	−2.3
Fuel[1]	143.1	143.1	143.3	0	−0.1
Housefurnishings	151.7	154.3	156.1	−1.7	−2.8
Sundries	151.6	151.0	147.8	+0.4	+2.6
Weighted total	180.3	180.6r	178.1	−0.2	+1.2
Providence					
Food	227.8	231.1	228.7	−1.4	−0.4
Housing	113.5	113.5r	106.2	0	+6.9
Clothing	157.1	158.1r	161.8	−0.6	−2.9
Fuel[1]	159.0	159.0r	152.0	0	+4.6
Housefurnishings	139.5	137.3	144.2	+1.6	−3.3
Sundries	160.6	160.1	158.8	+0.3	+1.1
Weighted total	172.1	173.1r	170.4	−0.6	+1.0
Spokane					
Food	231.3	233.4r	225.7	−0.9	+2.5
Housing	140.9	140.9	139.7	0	+0.9
Clothing	143.7	145.2	142.4	−1.0	+0.9
Fuel[1]	147.9	146.2r	148.4	+1.2	−0.3
Housefurnishings	158.1	159.6	160.5	−0.9	−1.5
Sundries	159.8	158.2r	151.6	+1.0	+5.4
Weighted total	176.8	177.0r	172.3	−0.1	+2.6
Toledo					
Food	239.2	245.5	230.2	−2.6	+3.9
Housing	138.2	138.2	135.5	0	+2.0
Clothing	154.3	155.5	157.7	−0.8	−2.2
Fuel[1]	150.8	150.9	150.1	−0.1	+0.5
Housefurnishings	157.7	158.0	159.7	−0.2	−1.3
Sundries	169.0	169.2	164.9	−0.1	+2.5
Weighted total	181.5	183.7	177.6	−1.2	+2.2

Percentage Changes in Indexes For Two Cities

City	Weighted Total		Food		Housing		Clothing		Fuel[1]		Housefurnishings		Sundries	
	Dec. 1951 to Mar. 1952	Mar. 1951 to Mar. 1952	Dec. 1951 to Mar. 1952	Mar. 1951 to Mar. 1952	Dec. 1951 to Mar. 1952	Mar. 1951 to Mar. 1952	Dec. 1951 to Mar. 1952	Mar. 1951 to Mar. 1952	Dec. 1951 to Mar. 1952	Mar. 1951 to Mar. 1952	Dec. 1951 to Mar. 1952	Mar. 1951 to Mar. 1952	Dec. 1951 to Mar. 1952	Mar. 1951 to Mar. 1952
Evansville, Ind.	−0.9	+1.5	−1.5	+0.7	0	+7.4	−1.6	−2.7	−0.4	−0.6	−1.3	−2.9	0	+3.8
Trenton, N. J.	−1.4	+2.2	−3.1	+1.0	0	+9.7	−0.8	−3.1	0	+0.1	0	−1.5	0	+4.6

SOURCE: THE CONFERENCE BOARD.

[1] Includes electricity and gas.

r Revised.

Consumers' Price Indexes for Cities Surveyed Monthly

City	Index Numbers Jan., 1939=100			Percentage Changes	
	Mar. 1952	Feb. 1952	Mar. 1951	Feb. 1952 to Mar. 1952	Mar. 1951 to Mar. 1952
Birmingham					
Food	231.8	232.6	229.5	−0.6	+0.8
Housing[1]	153.8	153.8	149.6	0	+2.8
Clothing	152.3	152.9	156.7	−0.4	−2.8
Fuel[4]	132.0	132.0	132.8	0	−0.6
Housefurnishings	172.2	172.2	175.5	0	−1.9
Sundries	149.9	149.9	146.0	0	+2.7
Weighted total	174.6	175.0	172.8	−0.2	+1.0
Boston					
Food	223.7	224.5*r*	211.3	−0.4	+5.9
Housing[2]	125.5	125.5	116.1	0	+8.1
Clothing	137.9	138.4	146.8	−0.4	−6.1
Fuel[4]	170.5	167.9	167.0	+1.5	+2.1
Housefurnishings	159.7	164.1*r*	168.9	−2.7	−5.4
Sundries	165.2	165.3	163.6	−0.1	+1.0
Weighted total	175.8	176.0*r*	170.0	−0.1	+3.4
Chicago					
Food	245.6	245.1	240.2	+0.2	+2.2
Housing[1]	132.5	132.5	124.3	0	+6.6
Clothing	149.0	148.7	152.3	+0.2	−2.2
Fuel[4]	117.9	117.9	116.6	0	+1.1
Housefurnishings	161.4	161.7*r*	159.7	−0.2	+1.1
Sundries	173.4	170.9	168.0	+1.5	+3.2
Weighted total	182.2	181.4	177.4	+0.4	+2.7
Denver					
Food	234.4	235.1	231.9	−0.3	+1.1
Housing[3]	128.2	128.2	128.8	0	−0.5
Clothing	165.8	166.8	166.8	−0.6	−0.6
Fuel[4]	103.5	103.5	108.2	0	−4.3
Housefurnishings	165.1	165.5	167.0	−0.2	−1.1
Sundries	157.6	155.7	154.8	+1.2	+1.8
Weighted total	173.8	173.6	172.8	+0.1	+0.6
Detroit					
Food	243.3	242.6	241.3	+0.3	+0.8
Housing[2]	130.5	130.5	117.4	0	+11.2
Clothing	149.3	151.3	151.5	−1.3	−1.5
Fuel[4]	159.5	159.8	156.9	−0.2	+1.7
Housefurnishings	169.9	169.9	172.8	0	−1.7
Sundries	176.7	175.2	174.0	+0.9	+1.6
Weighted total	182.9	182.5	179.1	+0.2	+2.1
Indianapolis					
Food	243.0	244.6*r*	241.9	−0.7	+0.5
Housing[3]	123.1	123.1	121.0	0	+1.7
Clothing	144.4	145.7	148.3	−0.9	−2.6
Fuel[4]	159.2	159.2	157.8	0	+0.9
Housefurnishings	158.9	161.1*r*	168.6	−1.4	−5.8
Sundries	172.6	172.2	168.7	+0.2	+2.3
Weighted total	179.9	180.6*r*	179.1	−0.4	+0.4
Los Angeles					
Food	233.2	231.8	225.8	+0.6	+3.3
Housing[1]	141.4	141.4	117.4	0	+20.4
Clothing	143.2	142.7*r*	147.1*r*	+0.4	−2.7
Fuel[4]	97.7	97.7	97.7	0	0
Housefurnishings	163.5	164.3	172.9	−0.5	−5.4
Sundries	163.5	163.4	156.1	+0.1	+4.7
Weighted total	175.3	174.9	167.4	+0.2	+4.7
New Orleans					
Food	243.4	244.6*r*	239.1	−0.5	+1.8
Housing[3]	130.8	130.8	121.6	0	+7.6
Clothing	157.5	157.8	159.0	−0.2	−0.9
Fuel[4]	92.5	92.5	91.3	0	+1.3
Housefurnishings	175.7	175.7	186.2	0	−5.6
Sundries	147.8	148.0	146.1	−0.1	+1.2
Weighted total	180.4	180.9	177.4	−0.3	+1.7
New York					
Food	222.1	221.9	217.2	+0.1	+2.3
Housing[2]	106.1	106.1	105.2	0	+0.9
Clothing	153.9	154.3	153.7*r*	−0.3	+0.1
Fuel[4]	134.3	134.1	133.4	+0.1	+0.7
Housefurnishings	166.5	167.6*r*	173.7	−0.7	−4.1
Sundries	173.5	173.5	167.2	0	+3.8
Weighted total	172.4	172.4*r*	169.1	0	+2.0
Philadelphia					
Food	220.7	220.1	214.0	+0.3	+3.1
Housing[3]	117.7	117.4*r*	111.0	+0.3	+6.0
Clothing	144.4	144.1*r*	148.2	+0.2	−2.6
Fuel[4]	159.1	159.1	157.6	0	+1.0
Housefurnishings	184.2	185.5*r*	181.6	−0.7	+1.4
Sundries	164.7	161.0	164.0*r*	+2.3	+0.4
Weighted total	175.5	174.3*r*	172.0*r*	+0.7	+2.0

Source: The Conference Board

[1] Rents surveyed January, April, July, October.
[2] Rents surveyed February, May, August, November.
[3] Rents surveyed March, June, September, December
[4] Includes electricity and gas.
a Less than 0.1%.
r Revised

Consumers' Price Index for Ten United States Cities, and Purchasing Value of the Dollar

Index Numbers, January, 1939=100

Date	Weighted Average of All Items	Food	Housing[1]	Clothing			Fuel[2]			House-furnishings	Sundries	Purchasing Value of the Dollar
				Total	Men's	Women's	Total	Electricity	Gas			
1951 March	172.6	225.8	114.2	152.0	167.4	139.1	132.1	89.8	103.7	171.8	165.3	57.9
April	173.0	225.3*a*	115.7	152.4	167.6	139.6	132.2	89.8	103.7	172.1	166.0	57.8
May	173.6	227.3	115.9	152.3	167.7	139.4	130.2	89.9	103.7	171.7	166.0	57.6
June	173.5	227.3*b*	116.0	152.1	168.3	138.5	130.8	89.8	103.7	172.2	165.7	57.6
July	174.5	229.3*c*	117.4	152.0	168.2	138.3	131.1	89.8	103.7	172.4	165.8	57.3
August	174.8	229.4	117.8	152.0	169.0	137.6	131.6	89.8	103.7	171.3	166.6	57.2
September	175.5	230.6*d*	118.4	153.5	170.2	139.4	132.1	89.8	103.7	170.2	166.4	57.0
October	176.0	232.1	118.8	153.6	170.8	139.2	132.5	89.8	103.7	169.2	166.3	56.8
November	178.2	236.8*e*	119.9	152.7	169.3	138.7	132.7	89.8	103.7	169.7	167.9	56.1
December	178.8	236.7*f*	120.3	152.1	168.9	138.0	133.0	89.8	103.7	169.9	170.3	55.9
Annual average	174.5	229.3	116.9	152.2	168.3	138.7	131.7	89.8	103.7	170.8	166.3	57.3
1952 January	179.0	237.5	120.8	151.2*r*	167.3*r*	137.5*r*	133.1	90.0	103.7	168.6*r*	170.1	55.9
February	176.3	230.7*g*	121.0	150.2	166.6*r*	136.5	133.0	90.0	103.7	168.4*r*	169.0	56.7
March	176.7	231.0*h*	121.1	149.9	165.7	136.6	133.2	90.0	104.3	167.4	170.1	56.6
Percentage Changes												
Feb. 1952 to Mar. 1952	+0.2	+0.1	+0.1	−0.2	−0.5	+0.1	+0.2	0	+0.6	−0.6	+0.7	−0.2
Mar. 1951 to Mar. 1952	+2.4	+2.3	+6.0	−1.4	−1.0	−1.8	+0.8	+0.2	+0.6	−2.6	+2.9	−2.2

[1] Rents surveyed quarterly in individual cities.
[2] Includes electricity and gas.
a Based on food prices for April 16, 1951.
b Based on food prices for June 14, 1951.
c Based on food prices for July 16, 1951.
d Based on food prices for Sept. 17, 1951.
e Based on food prices for Nov. 14, 1951.
f Based on food prices for Dec. 12, 1951.
g Based on food prices for Feb. 13, 1952.
h Based on food prices for Mar. 12, 1952.
r Revised.

ANNUAL IMPROVEMENT FACTOR

The celebrated General Motors-UAW contract is almost as well known for its annual improvement factor as it is for its familiar escalator agreement. Annual improvement is based on productivity, and productivity threatens to take the center of the stage—particularly since the consumers' price indexes have been leveling off over the last year. Great pressure for inclusion of annual improvement clauses in labor contracts has built up during the past year. The Wage Stabilization board has set up a committee to consider the problem, and a statement of policy has been promised for the near future. At this time, it is difficult to understand just what kind of statistical yardstick will be utilized if approval is given to the general proposition that productivity clauses may be included in contracts. There is a paucity of definitive information on the subject.[1]

WAGE ADJUSTMENTS

Of the ninety-two wage adjustments announced in the press last month and confirmed by The Conference Board, over one third have been referred to the WSB for approval. Another third were cost of living adjustments. Included in this latter group are a number of companies in the automobile industry that have UAW-CIO contracts containing the GM-type escalator clause. New or liberalized fringe benefits were written into one out of three of the contract adjustments confirmed this month. Additional holidays, longer vacations and improved insurance and pension plans appeared frequently.

Approximately one fifth of the adjustments affected salaried employees. In the majority of these cases they gave increases comparable to those granted wage earners.

Some of the significant settlements are:

International Paper Company granted a 4 cents an hour increase to 4,500 AFL union members in New York, Maine and Pennsylvania, effective 2-26-52 if approved by WSB.

Consolidated Vultee Aircraft Corporation in San Diego granted a 6.5% increase to 15,924 AFL Machinists, effective 12-24-51 dependent upon WSB approval.

Curtiss Wright Corporation granted a 12 cents an hour increase to 3,500 AFL Machinists in Caldwell, N. J. In addition, labor grade increases were given and insurance benefits were liberalized.

Republic Aviation Corporation granted to 13,000 AFL Machinists in Farmingdale, Long Island, a 15 cents an hour increase effective 2-19-52, if approved by WSB. An additional holiday was included in the settlement.

Virginia M. Boschen
Nancy J. Kuhne
Statistical Division

[1] See "Man Hour Output in Manufacturing" *The Conference Board Business Record,* February, 1950 and "It's Not Always Productivity," March, 1950. These articles discuss in some detail the available statistics on productivity.

Personnel Briefs

Vacation Prizes—on the Company

Say "Hello" to a fellow employee and win a prize, says the Minnesota Mining and Manufacturing Company. Sound strange? Not too strange to 3M employees. It's part of a vacation contest they participate in every year. Each month during the summer, prizes are given vacationing 3M employees who meet for the first time at some vacation spot far from home. The rules of the contest say that they must be total strangers until the "Hi, Scotty" sticker on their windshields introduces them as fellow employees who work at different 3M installations. A picture taken at the time of the meeting helps the judges in making their decision. Last year, top prizes went to two employees from Boston who met two employees from Kansas City while vacationing in Miami.

Recruiting Through Company Tours

Special plant tours recently conducted by the W. F. Hall Printing Company of Chicago are looked on as aids in recruitment and job placement. One touring group consisted of forty-five members of the printing clubs of two high schools. Many boys who had previously attended these schools are now employed at Hall's and they were recognized by the visitors. One exclaimed, "This is like old home week seeing you guys!" A number of the club members expressed interest in seeking employment at Hall's following graduation.

Another group was made up of seven interviewers from the Illinois State Employment Service. They spent a full day at Hall's, getting a close-up picture of the different jobs for which they refer applicants.

Employees Ride to Lunch

Two-way escalator service conveys employees of Moraine Products Division of General Motors Corporation back and forth to two new cafeterias located on the second floor of the building. The cafeterias, which will seat 800 persons, are equipped with high-fidelity sound systems which provide a background of soft music during the lunch period.

Wage Adjustments Announced Prior to April 15, 1952

Company	Type of Worker[a]	Increase: Amount	Date Effective	Number Affected	Remarks
Chemicals and Allied Products					
Air Reduction Sales Company....... Chicago, Ill.	WE	$.09 hr.	9-1-51	62	Date of settlement 2-15-52. Additional holiday granted giving total of 7. WSB approval required for the wage adjustment. Previous adjustment 4-1-51. (United Gas, Coke and Chemical Workers, CIO)
E. I. du Pont de Nemours & Company, Inc. Birmingham, Ala.	WE	$.05 hr.	10-29-51	*n.a.*	Increase affects wage roll employees. Reopening on wages on 10 days' notice.
	S	$7 mo.	10-1-51	*n.a.*	Increase applies to non-exempt salary employees.
Waynesboro, Va.	WE	$.04 hr.	3-3-52	*n.a.*	Increase granted to hourly wage roll employees. Wage reopening at any time.
	S	$7 mo.	3-1-52	*n.a.*	Increase affects non-exempt salaried employees.
Great Lakes Carbon Corp. .... Niagara Falls, N. Y.	WE	$.02 hr.	3-24-52	200 approx.	Increase was under GWR 8, section 4 and is dependent upon WSB approval. Wage reopening 3-53. (UMW, ind.)
St. Louis, Mo.	WE	$.07 hr.	4-1-52	180 approx.	Increase was under GWR 8, section 4. Added holiday to make a total of 7. Time and a half instead of straight time plus holiday pay for work on holidays. Time and a half for work on Sundays as such. Shift bonus increased from 7¢ to 9¢ and from 8¢ to 10¢. Fringe benefits subject to WSB approval. Wage reopening 9-54. (United Gas, Coke and Chemical Workers, CIO)
Hooker Electrochemical Company ... Tacoma, Wash.	WE	$.115 hr.	12-2-51	139	Of the increase 6.5¢ was cost of living. Previous wage rate was $1.8435. Wage reopening 11-30-52. (Int'l Chemical Workers Union, AFL; Int'l Union of Operating Engineers, AFL)
	S	$1.50 wk.	11-19-51	27	Cost of living increase. Previous rate was $51.55 a week. (No union)
Linde Air Products Company .... Canton, Ohio	WE	$.10 hr.	2-16-52	13	Previous maximum hourly rate for repairmen was $1.75, effective 12-25-50. Wage reopening 8-16-52. (United Gas, Coke and Chemical Workers, CIO)
	S	$4 wk.	2-16-52	2	Previously the maximum per week for chief clerks was $72, effective 12-25-50. (No union)
Liquid Carbonic Corp. .... Chicago, Ill.	WE	$.08 hr.	11-28-51	1,057	Benefits granted were 7¢ per hour for non-contributory pensions and the vacation week based on average number of hours worked with a maximum of 48 hours all at straight time. The wage adjustment is subject to WSB approval. Date of settlement was 2-21-52. The escalator clause grants 1¢ for each 1.14 point index change. Wage opening 11-28-55. (UAW, CIO)
Portland Gas & Coke Company ..... Portland, Ore.	WE	$.11 hr.	1-1-52	625	Wage adjustment in part subject to WSB approval. Previous minimum rate for laborer was $1.45 an hour, effective 1-1-51. Wage reopening 6-1-52. (Int'l Chemical Workers Union, AFL)
	S	$16.29 mo.	1-1-52	225	Minimum rate was $1 an hour for messengers, effective 1-1-51. (Office Employees Int'l Union, AFL)
Electrical Machinery, Equipment and Supplies					
Smith Welding Equipment Corp. .... Minneapolis, Minn.	WE	$.06 hr.	11-1-51	138	Wage adjustment has been approved. Date of settlement 1-2-52. Hospitalization plan and accident and sickness insurance increased. Wage reopening 11-1-52. (IUE, CIO)
Fabricated Metal Products					
All Steel Equipment, Inc. .... Aurora, Ill.	WE	see remarks	3-24-52	500 approx.	Increase was 3¢ an hour for incentive workers and 4¢ an hour for day workers. Voluntary cost of living adjustment. Wage reopening 9-15-52. (Int'l Bro. of Blacksmiths, Drop Forgers and Helpers, AFL)
Allith-Prouty, Inc. .... Danville, Ill.	WE	$.03 hr.	2-8-52	337	Date of settlement 2-14-52. Wage reopening 7-1-52. Previous wage rate ranged from $1.42 an hour to $2.07 an hour, effective 7-1-51. (Allith-Prouty, ind.)
	S	$.03 hr.	2-8-52	47	(No union)
Dunham Company .... Berea, Ohio	WE	$.06 hr.	3-1-52	*n.a.*	Wage adjustment is subject to WSB approval. Group insurance, sick benefits, surgical and hospital benefits were included. Wage reopening 3-1-53. (UAW, CIO)
Keiner-Williams Stamping Company.. New York, N. Y.	S	$3 wk.	11-24-52	9	Additional holiday, Columbus Day, granted but subject to WSB approval. Wage reopening 11-24-53. (Office Employees Int'l Union, AFL)

Wage Adjustments Announced Prior to April 15, 1952—Continued

Company	Type of Worker[1]	Increase: Amount	Date Effective	Number Affected	Remarks
Food and Kindred Products					
Confectioners Industrial Relations Board, Inc. New York, N. Y.	WE	see remarks	12-1-51	3,500 approx.	Wage adjustments amounted to 8.75¢ an hour for men, 7.5¢ for women. Group insurance increased from 2.5% to 3%. Tenth holiday granted. Three weeks' vacation after 15 years added. Fringe benefits subject to WSB approval. (Candy and Confectionery Workers Union, Bakery and Confectionery Workers Int'l Union, AFL)
General Mills, Inc. Great Falls, Mont. Flour Mill	WE	$.06 hr.	1-1-52	50	Increase was granted under GWR 8, section 4, revised. (Amer. Fed. of Grain Millers, AFL)
Keokuk, Iowa Special Commodities	WE	$.06 hr.	2-1-52	120	Granted under GWR 8, section 4, revised. (Amer. Fed. of Grain Millers, AFL)
Keokuk, Iowa Purity Oats	WE	$.06 hr.	3-3-52	67	Granted under the revised GWR 8, section 4. (Amer. Fed. of Grain Millers, AFL)
Minneapolis, Minn. Purity Oats	WE	$.06 hr.	12-1-51	45	Increase was under GWR 8, section 4, revised. (Amer. Fed. of Grain Millers, AFL)
Rossford, Ohio Feed Mill	WE	$.065 hr.	2-1-52	172	The increase was under GWR 8, section 4, revised. (Amer. Fed. of Grain Millers, AFL)
Spokane, Wash. Flour Mill	WE	$.035 hr.	2-23-52	120	Increase was under the revised GWR 8, section 4. (Amer. Fed. of Grain Millers, AFL)
Tacoma, Wash. Flour Mill	WE	$.035 hr.	2-23-52	245	The increase was under GWR 8, section 4, revised. (Amer. Fed. of Grain Millers, AFL)
Vallejo, Calif. Flour Mill	WE	$.07 hr.	2-1-52	216	Increase was granted under GWR 8, section 4, revised. (Amer. Fed. of Grain Millers, AFL)
Kraft Foods Company Galena, Ill. Milledgeville, Ill. Stockton, Ill.	WE	$.105 hr. approx.	10-15-51	168	Date of settlements 10-24-51. Separate contracts for each of the 3 plants. Prior to increase starting rate was $1.09 an hour effective 10-15-50. High rate was $1.495 an hour. Wage reopening 10-15-54. Three week vacation after 15 years received WSB approval. Escalator formula grants a 1% adjustment for each 1% change with the 9-15-51 index as base with hourly rates rounded to the next higher half cent. (Int'l Bro. of Teamsters, Chauffeurs, Warehousemen and Helpers, AFL)
National Sugar Refining Company Long Island City, N. Y.	WE	$.10 hr.	10-4-51	1,080	New pension plan, 2 additional holidays and $1 for supper money after 11 hours granted. Of increase 1.29¢ still pending WSB approval. Previous rate was $1.44 an hour, effective 10-1-50. Wage reopening when wage rates in similar industries in the area change. (United Packinghouse Workers, CIO)
Quaker Oats Company Memphis, Tenn.	WE	$.10 hr.	8-8-51	178	Six cents is subject to WSB approval. Previous wage rate was $1.125 an hour, effective 7-10-50. Date of present settlement was 11-14-51. (Int'l Chemical Workers Union and the Int'l Chemical Workers Union, AFL)
River Brand Rice Mills, Inc. Memphis, Tenn.	WE	$.02 hr.	2-15-52	60 approx.	The adjustment is subject to WSB approval. Previous wage rate was from 85¢ an hour to $1.10, effective 8-1-50. (Int'l Union of United Brewery, Flour, Cereal, Soft Drink and Distillery Workers, CIO)
Lumber and Wood Products					
Long Bell Lumber Company Fort Smith, Ark.	WE	$.03 hr.	1-10-52	7	No escalator clause is in the contract. Wage rates varied, were last adjusted 1-1-51. Wage reopening 6-15-52. (Int'l Woodworkers, CIO)
Machinery (except Electrical)					
Aurora Pump Company Aurora, Ill.	WE	$.15 hr.	1-15-52	131	General increase was settled 2-23-52. Eight cents subject to WSB approval, 7¢ was cost of living. Previous average day rate was $1.47 an hour, effective 1-15-51. Three weeks' vacation after 15 years was granted. Wage reopening 6-25-53. (Int'l Ass'n of Machinists, AFL)
Barry-Wehmiller Machinery Company St. Louis, Mo.	WE	$.08 hr.	12-31-51	300	Previous average wage rate was $1.72 an hour, effective 12-31-50. Two days off granted for death in the family. Wage reopening 5-1-52. (Int'l Ass'n of Machinists, AFL)
The Oliver Corp. Cleveland, Ohio	S	6%	10-8-51	175	The adjustment is subject to WSB approval. Escalator clause grants a 1% adjustment for each 1.764 point change in the adjusted BLS index. The present increase equals approximately 9¢ per hour. Wage reopening 1-1-53. (Office Employees Int'l Union, AFL)
Osborn Manufacturing Company Cleveland, Ohio	WE	$.03 hr.	2-27-52	369	Increase was under GWR 8, section 4. Previous wage rate was $1.72 an hour, effective 8-27-51. Wage reopening 6-27-52. (UAW, CIO)

Wage Adjustments Announced Prior to April 15, 1952—Continued

Company	Type of Worker[a]	Increase: Amount	Increase: Date Effective	Increase: Number Affected	Remarks
Paper and Allied Products					
Ball Brothers Company, Inc., Noblesville, Ind.	WE	$.025 hr.	2-4-52	120	Wage adjustment allowable under WSB regulations. A 3¢ shift premium for second and third shift subject to WSB approval. No wage reopenings. Contract expires 2-4-53. (United Paperworkers, CIO)
Barger Box & Printing Corp., Elkhart, Ind.	WE	$.05 hr.	2-15-52	50	Contract reopening every 6 months. Previous adjustment 6-51. (United Paperworkers, CIO)
	S	$2 wk.	2-15-52	8	No union given.
Central Paper Company, Inc., Muskegon, Mich.	WE	$.035 hr.	9-3-51	*n.a.*	Increase is subject to WSB approval. There is no escalator clause. (United Paperworkers, CIO)
	S	$5 mo.	9-3-51	*n.a.*	Same as above. No union stated.
Dunn Paper Company, Port Huron, Mich.	WE	$.05 hr.	11-26-51	117	A cost of living increase with settlement dated 12-3-51. Previous wage rate was $1.26 an hour, effective 11-27-50. Future wage reopening 6-1-52. (United Paperworkers, CIO)
	S	$.05 hr.	10-29-51	35	Cost of living increase as above. (No union)
International Paper Company, Maine, New York, Pennsylvania	WE	$.04 hr.	2-26-52	4,500	The adjustment is subject to WSB approval. Wage reopening on 30 days' notice. (Int'l Bro. Paper Makers, AFL; Int'l Bro. Pulp, Sulphite and Paper Mill Workers, AFL; Int'l Bro. Firemen and Oilers, AFL)
Kehr Paper Products Company, Philadelphia, Pa.	WE	$.10 hr.	12-24-51	*n.a.*	Additional 5¢ increase to be effective 4-28-52. (United Paperworkers, CIO)
Wisconsin Tissue Mills, Menasha, Wis.	WE	2.8%	1-10-52	110	Present general increase and two additional paid holidays require WSB approval. A 2.2% cost of living increase was effective 9-10-51. Wage reopening 7-1-52. (Int'l Bro. of Pulp, Sulphite and Paper Mill Workers, AFL, Int'l Bro. of Papermakers, AFL)
Petroleum and Allied Products					
Richfield Oil Corp., Los Angeles, Calif.	S	4.2%	1-1-52	81	Last increase was approximately 3.77%, effective 3-1-51. Date of present settlement 1-14-52. Wage reopening prior to 1-31-53 on 60 days' written notice. Paid on salary basis but are manual operating and maintenance assignments in performance. (Int'l Bro. of Teamsters, Chauffeurs, Warehousemen and Helpers, AFL; Petroleum Drivers and Helpers, AFL)
Primary Metal Products					
Fulton Iron Works Company, St. Louis, Mo.	WE	$.12 hr.	6-1-51	*n.a.*	Date of settlement was 2-27-52. Previous hourly rate for journeymen was $1.74, effective 11-6-50. Adjustment was not due to an escalator clause. An additional 3.5¢ an hour to be effective 12-1-52. Wage reopening 6-1-52. (Int'l Ass'n of Machinists, AFL)
Marcy Foundry Company, Perth Amboy, N. J.	WE	$.055 hr.	2-15-52	80	Cost of living increase. No escalator clause in the contract. Wage reopening 6-52. (United Mine, Mill and Smelter Workers, ind.)
	S	$.055 hr.	2-15-52	3	Same as above. (United Mine, Mill and Smelter Workers, ind.)
Portland Chain Manufacturing Company, Portland, Ore.	WE	$.05 hr.	11-1-51	30	Previous wage rate was $1.62 an hour, effective 1-1-51. Two weeks' vacation instead of one every 1200 hours after 3 years of service. Seven paid holidays granted; there were previously none. Wage reopening 11-1-52. (Int'l Bro. of Blacksmiths, Drop Forgers and Helpers, AFL)
Tin Processing Corp., Galveston, Tex.	WE	4.2%	1-28-52	40	A cost of living adjustment. Previous wage rate was from $1.22 an hour to $2.01, effective 8-31-51. Wage reopening by either party prior to 8-30-52 with a 60-day written notice. (Office Employees Int'l Union, AFL)
Printing and Publishing					
Buffalo Evening News, Buffalo, N. Y.	WE	$3 to $7 wk.	11-19-51	158	Three week vacation after 5 years instead of 10. Automobile allowance increased 1¢. Night shift differential increased 50¢. Maximum severance pay for 30 weeks instead of 28 was granted. Wage reopening 11-18-52. (Newspaper Guild, CIO)
The Franklin Association, Chicago, Ill.	WE	$6 wk.	1-16-52	1,500	Previous rate was $92.50 a week, effective 2-20-51. New company and employee contributary pension plan, effective 3-1-52. Contract expires on 12-15-52. (Chicago Printing Pressmen's Union, AFL)
Rubber					
B. F. Goodrich Company, Marietta, Ohio	WE	$.10 hr.	1-14-52	313	The adjustment is subject to WSB approval. (Int'l Chemical Workers Union, AFL)

Wage Adjustments Announced Prior to April 15, 1952—Continued

Company	Type of Worker[a]	Increase: Amount	Increase: Date Effective	Increase: Number Affected	Remarks
Rubber—Continued					
Ohio Rubber Company, Conneautville, Pa.	WE	\$.13 hr.	2-10-52	120	Date of settlement was 2-27-52. Two cents subject to WSB approval. Extra day of vacation granted if holiday occurs during vacation week. Wage reopening not sooner than 6-10-52. (United Rubber, Cork, Linoleum and Plastic Workers, CIO)
Willoughby, Ohio	WE	\$.13 hr.	12-10-51	1,000	Two cents subject to WSB approval. Extra day of vacation granted if holiday occurs during vacation. Settlement was dated 2-25-52. Wage reopening not sooner than 6-10-52. (United Rubber, Cork, Linoleum and Plastic Workers, CIO)
Textile Mill Products					
Bemis Brothers Bag Company, Bemis, Tenn.	WE	\$.04 hr.	2-19-52	720 approx.	Date of settlement was 2-16-52. Previous average hourly rate was \$1.18, effective 10-51. Wage reopening 6-1-52 for the company, and 9-1-52 for the union. No escalator clause. Company pension policy written into contract though it was previously in effect. (Textile Workers Union, CIO)
Indianapolis, Ind.	WE	\$.04 hr.	3-2-52	470 approx.	Average wage rate was \$1.29 an hour, effective 11-51. Date of present settlement was 2-25-52 due to a wage reopening. Future reopening 6-14-52 for the company and 9-14-52 for the union. No escalator clause. Company pension policy already in effect written into the contract. (Textile Workers Union, CIO)
Bird & Son, Inc., East Walpole, Mass.	WE	\$.035 hr.	11-18-51	573	Additional paid holiday, jury duty pay and a 2¢ increase in the third shift premiums were granted. Wage reopening on 30 days' notice. (United Rubber, Cork, Linoleum and Plastic Workers, CIO)
	S	\$75 yr.	11-19-51	40	WSB approval has been received. Same benefits as above.
B. T. Crump Company, Inc., Richmond, Va.	WE	\$.053 hr.	1-2-52	36	The adjustment was due to a wage reopening. Previous wage rate was \$1.139 an hour, effective 9-4-50. (United Paperworkers, CIO)
The Fish Net & Twine Company, Jersey City, N. J.	WE	\$.05 hr.	12-10-51	59	Additional paid holiday and increases in group insurance and hospitalization were granted. Previous wage rate was 99¢ per hour, effective 10-11-50. Wage reopening 6-11-52. Fringe benefits subject to WSB approval. (Textile Workers Union, CIO)
	S	10%	12-1-51	15	Same benefits as above. Previous salary was \$55 a week, effective 10-11-50. (No union)
Lorraine Manufacturing Company, Pawtucket, R. I.	WE	no change	3-26-52	*n.a.*	Escalator formula is 1¢ adjustment for each 1.18% change in BLS old index. Future wage reopening 3-26-53. (Textile Workers Union, CIO)
St. Mary's Woolen Manufacturing Company, St. Mary's, Ohio	WE	\$.05 hr.	10-22-51	165	WSB approval has been received. Three additional paid holidays granted. Wage reopening anytime once each year. (UMW, ind.)
	S	10%	11-1-51	15	Same as above. No union stated.
Transportation Equipment					
Consolidated Vultee Aircraft Corp., San Diego, Calif.	WE	6½%	12-24-51	15,924	The adjustment is dependent upon WSB approval. Previous increase was 4%, effective 8-13-51. Wage reopening 8-16-52. Date of present settlement was 1-4-52. (Int'l Ass'n of Machinists, AFL)
Curtiss-Wright Corp., Caldwell, N. J.	WE	\$.12 hr.	2-1-52	3,500	In addition 11¢ an hour granted to Labor Grade 1, 8¢ to grade 2, 5¢ to grade 3 and 2¢ to grade 4, effective 3-26-52. Four cents of the general increase and all of labor grade increases are subject to WSB approval. Company paid life insurance increased from \$1,000 to \$2,000. Employee hospitalization increased to \$10 a day. Wage reopening 3-26-53. Contract expires 4-20-54. (Int'l Ass'n of Machinists, AFL)
Ford Motor Company, Dearborn, Mich.	WE	\$.03 hr.	3-3-52	*n.a.*	Cost of living increase for the period of 3-3-52 through 6-1-52 yielding a total of 24¢ per hour allowance. Adjustment was under contract provision of 9-4-50. (UAW, CIO)
General Motors Corp., Detroit, Mich.	WE	\$.03 hr.	3-1-52	*n.a.*	Cost of living adjustment brings allowance to a total of 24¢ per hour. (UAW, CIO)
Mack Motor Truck Corp., Pittsburgh, Pa.	S	\$17 mo.	12-16-51	10	Of the increase \$11 was dependent upon WSB approval and was received 2-25-52. Previously salaries ranged from \$170 to \$222 a month. One wage reopening by either party on or after 6-16-52 if WSB regulation 6 is changed. (Office Employees Int'l Union, AFL)
Packard Motor Car Company, Detroit, Mich.	WE	\$.03 hr.	3-1-52	*n.a.*	Cost of living adjustment based on escalator clause. (UAW, CIO)

Company	Type of Worker[a]	Increase: Amount	Increase: Date Effective	Increase: Number Affected	Remarks
Transportation Equipment—Continued					
Republic Aviation Corp. .... Farmingdale, L. I., N. Y.	WE	$.15 hr.	2-19-52	13,000	Wage adjustment is subject to WSB approval. One additional holiday granted. Wage reopening 2-19-53. (Int'l Ass'n of Machinists, AFL)
Miscellaneous					
Absorbent Cotton Company .... St. Louis, Mo.	WE	$.07 hr.	12-3-51	210	WSB approval required for 4¢ of the increase. Previous wage rate was $1.12 an hour, effective 4-51. Wage reopening 12-3-52. (Textile Workers Union, CIO)
L. Bamberger & Company .... Newark, N. J.	WE	$.05 hr.	2-1-52	*n.a.*	Additional 2¢ an hour to be effective 8-1-52, subject to WSB approval. Wage reopening 2-1-53. (Int'l Ass'n of Retail Clerks, AFL)
Farm Bureau Cooperative Association Glendale, Ohio	WE	$.07 hr.	1-1-52	*n.a.*	Previous wage rates ranged from $1.30 an hour to $1.54, effective 1-1-51. Wage reopening 6-30-52. (Dist. 50, UMW, ind.)
Health Insurance Plan of Greater N. Y. New York, N. Y.	S	$3.50 wk.	12-1-51	129	Joint contributary pension plan initiated. Wage reopening 12-1-52. (Office Employees Int'l Union, AFL)
Johns-Manville Corp. .... Natchez, Miss.	WE	6%	11-5-51	177	WSB approval received for that which required it. Previous wage rate was $1.51 an hour. (United Gas, Coke and Chemical Workers Union, CIO)
New England Electric System .... New England	WE	8.4%	1-1-52	*n.a.*	Increase affects ultimate wage rates. Company to assume cost of Blue Cross for employees only, if WSB approves. Guarantee of the same number of paid holidays for all employees as for those on a Monday through Friday schedule. This was approved by WSB, however unions are appealing for their original alternative of holiday provisions or increased shift premium. (Int'l Bro. of Electrical Workers, AFL; Dist. 50, UMW, ind.; The Bro. of Utility Workers of New England, Inc., ind.)
Pan American World Airways System Long Island City, N. Y.	WE	see remarks	12-1-51	4,154	Across the board increases from 10¢ an hour to 15¢. (Transport Workers Union, CIO)
	S	$16 mo.	12-1-51	784	Affects flight service personnel. (Transport Workers Union, CIO)
Ralph Tatulle Company .... New York, N. Y.	WE	$.05 and $.045 hr.	1-2-52	60	Welfare plan and 6 added holidays subject to WSB approval. Date of settlement was 2-21-52. (Distributive Processing and Office Workers, ind.)
Tonkin Motor Company .... Portland, Ore.	WE	$.11 hr.	2-1-52	15	Previous wage rate was $1.85, effective 11-1-51. Wage reopening 6-1-52. (Int'l Ass'n of Machinists, AFL)
	S	$25 mo.	3-1-52	2	Previous salary was $325 a month. No union stated.

[a] Type of worker: WE, wage earner; S, salaried employee.
n.a. Not available.

Round Table on Pensions

(*Continued from page* 176)

benefit such as $100 or $125 per month, or base the benefit on the average compensation of the employee over a long period of years. Obviously, it is these types of plans which may produce an inadequate pension during an inflationary period. But regardless of the type of plan used, if the pension benefits become really inadequate, the plan has ceased to perform the function for which it was established, and sooner or later must be modified to meet changed conditions.

The current annual cost of a pension plan, leaving out for the moment the liability for past services, is a function of payroll. If, for example, a plan has a current cost of 5% of payroll, and wage rates double, that same 5% will then produce twice as many dollars and pay for the current cost of a pension twice as large. But if we are going to double the entire pension of an employee, we will also have to double the entire past-service liability. This will give you an idea of the magnitude of the investment problem in trying to meet inflationary pension costs. To date it has not been done in any real degree by investment, but by larger contributions on the part of employers.

There is one more point that we ought to consider. Treasury Department regulations require that gains resulting from earnings in excess of the assumed rate, plus any capital gains that are realized, must be used to reduce the employer's contribution in the following year. The fund will tend to show a higher earnings rate and capital gains just at the time the company can probably best afford to make large contributions.

The fund, however, is prevented from accumulating these gains in a reserve which might be used against future losses or against the time when inflation necessitates higher pensions. Thus a successful investment

policy may reduce the year-to-year cost of a pension plan, admittedly a desirable consequence, but will not permit the pension fund to store up reserves from which better pensions can be paid.

In spite of these Treasury Department regulations, successful investment management can be highly rewarding. For instance, most companies still have large unliquidated past-service liabilities in their pension plans. Investment gains both from income and capital gains can be used to reduce these. Anything that reduces the cost of a plan to the employer will enable him to meet more easily the higher pension costs induced by inflation. As an example, an increase in the earnings rate of a pension fund from 2.5% to 3% per annum can reduce the cost of the plan to the employer by about 12%.

Another point is that the Treasury Department regulations deal only with realized, as opposed to unrealized, capital gains. Thus a successful investment program may over a period of time build up a reserve of unrealized values that can be used as an offset against the increased pension plan liability resulting from higher pensions.

One of the great advantages of pension funds is that relatively large amounts of new money are contributed each year and become available for investment. This provides flexibility, allowing for the possibility of changing policy drastically in light of new opportunities, yield relationships and supply of various types of securities. The effects of unfortunate timing tend to be avoided since the acquisition of investments is almost automatically distributed over sufficiently long periods under diverse economic conditions. True, long-range objectives can be pursued without too much attention to temporary market conditions.

Common stocks appear to be the only form of generally available investment media for pension funds seeking to hedge against inflation. The others, such as income-producing real estate, oil royalties, ownership of small manufacturing concerns and so forth, require specialized handling and are too expensive for all but the very largest funds to consider. For the corporate trustee, ownership of real estate involves very real legal problems.

Investment in common stocks is the most practical form of an inflationary hedge, but how far should the trustee go in committing funds in that direction? I submit that it would be a rash trustee who puts the entire pension fund into common stocks today. There are many other factors besides inflation which affect the value of common stocks, and at some point in the next few years the trustee's judgment would look pretty questionable if the fund showed a severe market loss from book. How would the employees feel about the security of their pensions, or how would the management or the fund's actuary feel? Would they feel that additional contributions should be made because the market failed to come back? For reasons such as these, some believe that there should be a ceiling on common stocks of 35% of the fund. Others select a lower figure—around 25% or 30%.

Purchasing a portfolio of common stocks cannot be done indiscriminately with the idea that all stocks will equally reflect the effects of inflation or that inflation is the only factor to be reckoned with. It would be a simple matter to pick out a list of well-known companies whose stocks have shown little or no improvement in price during the past ten years. The profits picture of companies in the same industry will differ widely. In selecting stocks during inflation, or any other period, there is no substitute for investment judgment. Thoughtful appraisal of industry characteristics, management, and research programs is essential. Close supervision is always required to detect basic changes.

A typical common stock portfolio today would include a portion of defensive stocks such as insurance and public utilities. It would probably be rather heavily weighted in favor of the natural resource industries such as oil and nonferrous metals. It would also be heavily invested in the chemical industries because of the growth factor. In this instance the current income is low, but it would seem shortsighted to be so insistent on immediate return that attractive growth situations are ignored. The rewards for good selection are great and the experience will be long enough to give full reflection to the judgment used.

But buying and holding common stocks is not nearly enough. The portfolio manager must always be alert and objective.

Before closing this very brief survey of an involved and complicated subject, I want to call your attention to a unique departure in the annuity field that is about to be made under the auspices of the Teachers' Insurance and Annuity Association, represented here today by Mr. George Johnson. I am sure most of you know that TIAA is engaged in providing annuities for teachers in colleges and schools by means of contributions from both the teacher and the college. These annuities do not have a large industrial corporation standing back of them ready to provide larger pensions in case of inflation. They are dependent on the investments made with the contributions. After a great deal of research based on studies of interest rates and stock prices and yields going back into the 19th century, TIAA is offering, through an affiliated organization, the opportunity of having up to one half of the contributions placed in a common stock portfolio.

These contributions will purchase units in the fund at a price based on the market value of the portfolio

as it exists from time to time. Here is the unique part of it. The annuity will not be paid in a fixed number of dollars per month, but in a fixed number of units per month which will have a value fluctuating with the market value of the portfolio. The teacher will thus receive his annuity in two parts, one half in a fixed number of dollars, the other in an amount of dollars which may bear a reasonably close relationship to purchasing power.

Studies by the TIAA give strong support to the thesis that such an annuity will give a much more satisfactory result than one of a fixed dollar amount. Here is an experiment that is going to be watched with a great deal of interest.

Adjusting the Pension Plan to New Conditions

W. L. Russell

THERE are so many considerations in adjusting a pension plan to new conditions that I couldn't talk about all of them. However, as a background, I should like to discuss some current major considerations.

First, you must decide upon the benefit formula—whether it is to be based solely upon length of service, upon employee earnings over a period of employment, or upon final earnings; or whether the employer's costs and the pensions provided shall be measured in specified cents per hour, as in some current plans.

Then you must decide whether the plan should be contributory or noncontributory. Also you have the problem of funding—whether you will fund or whether you will have a pay-as-you-go plan. If you decide to fund the plan, you must then determine whether you will have advance funding or terminal funding. You must also decide upon the method of funding, such as a trust fund, group annuity, deposit administration, or individual annuity plan. You must also consider the rules of eligibility and the waiting period for eligibility. You must take into consideration whether the total benefits shall include Social Security or whether the pension shall be in addition to Social Security.

Then you have the problem of the retirement date, whether it shall be an inflexible normal retirement date or some extended retirement date. Provision may be made for an earlier retirement age. You must also take into consideration past service. And now in many plans there is some guaranteed minimum pension. Finally there is the over-all problem of inflation and deflation.

All these provisions, of course, have their pros and cons. But rather than try to discuss all of them, I am going to give you a case study of what my company is doing. I don't want to appear dogmatic or arbitrary and say that what we are doing is right. To avoid that I should like to borrow the word "assumption" from our friends the actuaries, and say that our policy now is based upon certain assumptions.

First we should think about the basic objectives of a pension plan. I think we want to achieve decreased labor turnover, and possibly attract a better class of employees. Then we want increased employee efficiency—the efficiency that comes from a feeling of security and satisfaction and having a goal to work toward.

Finally we are trying to discharge our social and community obligations. With that I will couple economic obligations because in adopting a pension plan the employer takes on serious financial responsibilities.

Now, with those assumptions in mind, we can go on. Our plan is and will continue to be currently funded. We say it will be currently funded in the sense that it will not be terminal funding. We have provisions in our plan which allow us to go to terminal funding in part if we so desire, but we do not expect to do so.

Now, as the head of a tax department of a large corporation, I deplore the current thinking that taxes are probably the biggest consideration in pensions. But there is an intriguing thought that I would like to point out: where a corporation is in the excess-profits tax bracket, say 80%, one dollar of contribution to a pension fund represents a net investment of 20 cents. Assuming that investment will earn 3% in the fund, then you have a net return on the investment of 15%, compounded and tax free. Funding in high-tax periods is advantageous, and that is why you should keep flexibility in funding. But, in the final analysis, the important reason to me and to my company for funding is that our employees want it.

Now I come to the method of funding. We use the group annuity for part of our pensions, and deposit administration for others. That is absolutely no reflection on trusteed plans. The important thing is that, regardless of how you fund, pension costs are primarily the benefits paid plus the administration expenses less the investment income.

Now to us the following are minor factors affecting cost: the use of one mortality table rather than another; mortality adjustments; the discounting for severance; and the charges made against group annuity funds for purchase payment returns. These things do affect cost to a certain extent. But they are not the most important things.

The main part of our plan is on a contributory basis. Disregarding the considerations of thrift or the employee's interest or stake in the plan, our employees want a contributory plan. We have a noncontributory

plan which applies primarily to employees who have not joined our regular contributory pension plan. It provides a guaranteed minimum pension based on a specified amount for each year of service between fifteen and thirty. This part of the plan is funded through deposit administration to give it flexibility because we think there will undoubtedly be increases in these minimum benefits.

Our regular pension plan is based on employee contributions of 3% of the first $3,600 and 6% of base wages in excess of that. The pension benefits are 1% for the first $3,600 of wages and 2% of wages in excess. We think wages measure the value or the amount of retirement income that the employee has earned by his productivity and his own efforts.

Our benefits are in addition to Social Security. We believe that Social Security should provide minimum benefits if we are going to have it at all. The government will undoubtedly have to increase these benefits as living costs rise. Consequently, the retired employees' decreased purchasing power of the pension from the company plan will be offset by the rise in Social Security. We believe that the company pension should be entirely separate from Social Security, as it is impracticable to change the formula every time the Social Security benefits are changed.

Our plan has vesting after ten years of employment. Pensions are earned only by long and continued employment. This goes back to our basic premise of what we want to achieve. We want decreased labor turnover.

Our plan has a normal retirement date of sixty-five but, again putting flexibility into it, we have extended retirement dates. Participation in our plan stops, however, on the normal retirement date and the employee's annuity or pension is deferred until the actual retirement date. The only way he can increase it after the normal retirement date is through the actuarial increases that come from deferring the receipt of retirement income.

In about twelve years of pension plan experience we have learned a lot, and we would now do some things differently. The benefits for earlier retirement we think should be uniform and not based on actuarial calculations for earlier retirement. Pensions based on actuarial calculations are different for men and women for early or deferred retirement. There is also a difference between men and women in the joint and survivor annuity.

All these actuarial differences make the plan hard to explain in booklets and in individual certificates. Talking about individual certificates, we would like to do away with them. Every time we make a change in our plan we are obliged to send out riders to the individual certificates and thereby confuse the employees.